

**Lawmakers, Veterans Affairs officials spar over whether the agency should centralize its IT spending.**

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SEPTEMBER 18, 2005 • VOL. 33 • NO. 38 • \$5/COPY

# Users Worry That Oracle Is Getting Greedy

## Siebel deal prompts fears that vendor is buying too many apps

BY MARC L. SOMBINI

Oracle Corp.'s move last week to buy CRM software rival Siebel Systems Inc. accelerates its transition from a build-it-here vendor to one that's relying on acquisitions to expand its applications business. But the deal left some users wondering whether Oracle is

taking on more companies than it can handle.

Oracle already is integrating four other application vendors that it bought earlier this year, including PeopleSoft Inc. and Retek Inc. Now it must also get its arms around Siebel.

## OUR TAKE

Does Perseus think Oracle is looking out for him? Is it his own fault?

Just merging all of its CRM apps won't do much for Oracle, says Frank Hayes.

which brings an extensive software portfolio, 3.4 million end users, \$1.3 billion in annual revenue and

Several users interviewed last week said they fear that they will

Oracle, page 73

## Tools Aim to Give IT More Time For Testing Patches

BY JANUARI VILJAN

New tools are starting to become available to IT managers who are looking for ways to protect their systems from worms and other attacks while they work to test and install security patches issued by software vendors.

For example, Blue Lane

Technologies Inc., a start-up in Cupertino, Calif., last week introduced a security appliance called PatchPoint that addresses specific vulnerabilities in Windows and other products. But instead of requiring users to install software on their systems, PatchPoint sits in front

Patches, page 12

**ONLINE:** industry experts offer their predictions for BIM in the next few years. QuickLink 56728

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# Smarter BI

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Our package of stories begins on page 47.



## Microsoft Tries to Lure Developers to Office

Some say next release could simplify apps; others aren't sold on it

Microsoft's Professional Developers Conference here waxed enthusiastic about the new user interface that will be part of Office 12 when it hits the market in the second half of next year. But they were mixed about the prospect of turning to Office System as a development platform.

"I don't foresee us using lo-

as the front end for all of our applications," said Gregory Floyd, a technical consultant at Southern Co. Floyd noted that the Atlanta-based power company's end users are accustomed to tailored interfaces. But he said he can envision using server-side Office components to generate graphs or store information for Southern's Web portal.

"Office is ubiquitous, but there's a resistance to going down one road," said Rupert Office, page 14.

DISCUSSION

Abstract: This paper discusses the importance of the role of the teacher in the classroom. It is argued that the teacher should be seen as a facilitator of learning rather than a transmitter of knowledge. The paper also discusses the importance of the teacher's personality and the need for a positive attitude towards the subject being taught.

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## Ciphering Out Security

In the Technology section: Recent highly publicized cases of lost backup tapes underscore the need for data encryption. Here's a look at the approaches gaining favor with early adopters. **Page 25**

## One Big Thing

In the Management section: IT Mentor Doug Lewis says every CIO faces one project that can make or break his career. Here's how to recognize your watershed project and how to make sure it's a resounding success. **Page 35**

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## ONLINE

### ONLINE DEPARTMENTS

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## KNOWLEDGE CENTER BUSINESS INTELLIGENCE

### Smarter BI

Take your business intelligence efforts to the next level, by making better business decisions, consolidating your hodgepodge of tools and adding a geographic view of your data. And don't forget to safeguard that precious informational **PACKAGE BEGINS ON PAGE 47.**

### 48 Better Decisions.

Putting timely and accurate information in the hands of frontline workers is supposed to result in better and faster business decisions. But a little knowledge can be more hazardous than helpful. One key to

ensuring that BI systems really do help people make decisions is to agree on a common set of terms, says Maxtor CIO Scott Rhee (left).



54 Tame the BI Jungle. Multiple BI reporting tools deliver data that's neither timely nor accurate. A single set of tools can bring order to the chaos.

56 Beyond ZIP Codes. When geographic information systems meet up with BI data, the new capabilities go way beyond targeting ZIP codes.

### 62 Backup Breach.

Companies are risking it all by not backing up their BI data. Here are some tips for deciding what to back up and when.

64 GetItRight: BI. IT professionals have been dealing with the problem of incompatible data sources for years. Enterprise information integration products make it possible to combine data from different sources whenever you need it.

68 Opinion: GPS technology and BI are beginning to work together in business while consumer applications are lagging. But that could change in the coming years, says Mark Hall.



## AT DEADLINE

## Oracle to Unveil App Server at OpenWorld

Oracle Corp. will bring out Version 3 of Application Server 10g middleware at its OpenWorld user conference this week in San Francisco. The new version promises to boost the software's service-oriented architecture capabilities and offer a so-called hot-plug capability that lets developers use middleware components from multiple vendors.

## Intel Invests \$345M In Chip Factories

Intel Corp. plans to invest \$345 million to upgrade chip manufacturing facilities in Hudson, Mass., and Colorado Springs. The upgrades will increase output capabilities at the two factories, which manufacture computer chip sets and communications and flash memory chips. Intel said hundreds of jobs will be added at each facility following the project.

## IBM, Red Hat Team To Boost Linux Apps

IBM and Red Hat Inc. have agreed to undertake a worldwide initiative to speed up the development and adoption of Linux-based applications. The joint effort places particular emphasis on emerging markets such as China, India, Russia and South Korea. The deal is similar to one IBM struck with Novell Inc., Red Hat's main Linux competitor, in March.

## Dell Abandons Itanium Processor

Dell Inc. is ending its support for Intel's Itanium processor, closing the door on a product line that was a marginal part of Dell's server strategy. Intel had hoped to make Itanium the processor of choice for 64-bit computers, but it now promotes the chip as a high-performance replacement for RISC processors in Unix servers from various companies. Dell declined to comment on the move.

# Battle Looms Over PC Remote Management

## Vendor group pushes to widen use of ASF specification; Intel goes own way

BY PATRICK THIBODEAU  
BOSTON, MAY 1977

**M**OST COMPANIES have desktop PCs that comply with a 5-year-old standard designed to let IT workers reboot crashed systems and turn them on and off remotely. But many IT staffs aren't using that capability, mainly because management tools that support the standard aren't widely available.

The lack of support for the Alert Standard Format (ASF) irritates Fred Wetling, technology strategy manager at Bechtel Corp., an engineering and construction company in San Francisco with 40,000 employees. ASF and other interoperability standards can cut IT costs, Wetling said last week. But IT managers have to force vendors to incorporate such standards in their products, he added.

"I'm just absolutely frustrated to the max that people have not taken advantage of ASF in the past," said Wentling, who was a speaker at Enterprise Management World 2005 here. "There has not been the [required] customer demand."

### Vendors on the Plus Side

On the plus side, Dell Inc., Hewlett-Packard Co. and other vendors are shipping PCs with ASF-enabled technology, such as Ethernet controllers that allow the systems to be remotely managed. Vendors estimate that some 73 million PCs support ASF, which was developed by Distributed Management Task Force Inc., an industry group in Portland, Ore. Computerworld and the DMTF co-sponsored last week's conference.

In an attempt to spur wider adoption of ASF, a group of vendors, including Dell, HP,

Broadcom Corp., Advanced  
Micro Devices Inc., Computer

Associates International Inc. and Altiris Inc. said at the conference that they would add ASF features to various products and develop training and certification programs.

ASF faces new competition from Intel Corp.'s Active Management Technology (AMT), which provides similar functionality and was announced earlier this year. Intel is a member of the DMTF but says AMT is designed to take advantage of more advanced protocols and standards, such as XML and the Simple Object



Intel a re  
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**Access Protocol.** "Different times require different solutions," Intel spokesman Scott Smith said last week.

The vendors hacking ASF deflected questions about how their offerings would work with AMT-based products and whether users could be affected by technology conflicts.

Rob Enderle, an analyst in San Jose, said he thinks Intel is using its technology to thwart AMD and other chip competitors. But if AMD's processors can make inroads on the desktop, "then there is a reasonable chance the common standard will prevail."

At the server level, the DMTF is pushing a command-line interface standard called the Systems Management

## Users Share Common IT Goals - But Not Strategies

BETWEEN 800

If there was one overarching theme at Enterprise Management World 2006, it was the need to reduce IT complexity and shift costs from infrastructure maintenance to application development. But attendees didn't have a shared opinion on how to make that happen.

Gary Greenwald, vice president of application engineering and operations at Ameritrade Holding Corp. in Columbia, Md., is one year into a project to move from Linc's systems to low-cost Linux servers based on Intel processors. Greenwald said the goal of the project, which he hopes to complete over the next 18 months, is to enable him to host more customers if they call.

- Sometimes wants to shift IT away from pure on hardware maintenance to other areas, such as developing customer relationships. Stewart told

It already has cut IT costs by about 10% because of reduced hardware-support needs.

However, Jim Hull, vice president of engineering services at MasterCard International Inc. in Purchase, N.Y., said his company has mixed up its IT environment, partly to give it more cost-cutting leverage with vendors.

MasterCard uses Unix systems from multiple vendors as well as Intel-based servers, according to Hull. He said he doesn't think Linux has matured enough to take over the company's processing operations.

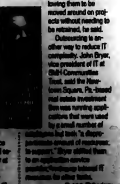
Jaime Squire, executive president, chief architect and senior business systems officer at The Guardian Life Insurance Company of America in New York, said one-on-one sessions IT

Architecture for Server Hardware (SMASH), which has been in the works since late 2003. Last week, the group publicly released a nearly final version of SMASH's addressing specifications for public comment and testing.

Bechtel is insisting that vendors comply with such standards; otherwise, it won't buy their products, Wettling said. "We're looking for plug and play within our organization," he noted. "We have disqualified vendors that don't meet certain standards."

That approach got the attention of conference attendee Richard Lee, who is vice president of systems product technical support at Cigna Corp. in Philadelphia.

Lee said he doesn't use standards compliance as a "binary switch" in selecting vendors. But in some cases, there might be a need for standards to play a stronger role in decision-making, he added. Lee plans to raise the issue with Cigna's IT staff to see whether the company should be tougher on standards requirements. ☎ 56867



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# CIOs, Analysts Predict Flat to Marginal Technology Budget Increases in 2006

But some analysts expect that storage, server spending will remain strong

BY THOMAS HOFFMAN

Cost pressures and frugal chief financial officers are helping put the clamps on 2006 IT budgets, according to IT executives and analysts interviewed last week.

CIOs and analysts said they're expecting to see flat to marginal growth in IT spending next year as companies continue to try to improve the efficiency of existing systems and use any savings to fund new projects.

"The primary reason for [keeping IT spending virtually] flat is our ability to reduce unnecessary expenses, [allowing us to] spend more on new technologies and support our strategic direction initiatives," said Bill Kwoley, CIO at Automotive Resources International (ARI), an automotive fleet leasing and management services company in Mt. Laurel, N.J. ARI does plan to continue investing in new projects next year, though its 2006 IT budget will likely increase by only 3%, Kwoley said.

## Stingy CIOs

Companies are cautious about such spending partly because most CIOs are now reporting to stingy CFOs who are "demanding solid business cases for all IT spending," said Howard Rubin, a senior adviser at Stamford, Conn.-based Gartner Inc.

Rubin is projecting that IT spending will rise by 3% next year, based on a monthly worldwide benchmark study he conducts with some 3,500 companies in 50 countries. Rubin also expects that IT spending as a percentage of corporate revenue will likely decline in 2006 and that absolute IT spending will grow on a smaller scale in the face of rising energy costs.

Rubin said much of the increased spending will be for storage systems and servers. Forrester Research Inc. projects that IT spending will increase by about 7% in 2006, said analyst Andrew Bartels. Forrester expects that while spending for PC and server hardware will grow at a higher rate, spending for other computer equipment and telecommunications gear will likely rise just 4% next year, in comparison with 10% in 2005, he said.

Bartels said the less-than-rubust IT spending increases in 2006 likely reflect a tapering off of the technology investment recovery that began in late 2003. For the past two years, companies spent heavily on servers, routers and other equipment after postponing such upgrades from 2000 to late 2003.

Now, Forrester sees a "dampening" in such spending, a decline that Bartels claimed will become even



more visible next year. Spending on PC software is also expected to be weak next year as users wait for Microsoft Corp.'s next-generation operating system.

Eugene Zimon, CIO at Boston-based utility NSTar, said he expects the company's 2006 IT budget to remain relatively flat once it's finalized in November. "Our focus has always been to drive down the fixed costs of the IT infrastructure," including application development and maintenance costs, said Zimon. NSTar's IT

operation is able to use the savings from such efficiencies to build and buy new systems, he said.

Zimon noted that NSTar's IT unit must compete with other divisions for budget dollars. "It becomes a business decision. Do we want to invest to upgrade our transmission and distribution system, or do we want to invest in an IT project that's going to improve customer service or productivity? It's usually a balanced portfolio," he said.

One intangible that may affect IT spending is the rising cost of energy. Though only 1% to 2% of all IT spending is related to the electricity needed to run data centers, increases in energy costs could affect total corporate IT spending. If company spending declines, Bartels said. **© 36856**

## Lawmakers Push for Revamp of Tech Controls at Veterans Affairs Agency

Some officials say changes may hurt service delivery

BY BRANT GROBE

The U.S. Department of Veterans Affairs needs to centralize its IT budgeting process and give its CIO more control in order to reduce wasteful spending, the chairman of a congressional committee said last week.

But some VA executives raised concerns that more centralized IT budgeting could affect benefits distribution, despite calls from lawmakers for more accountability and a recommendation from consulting firm Gartner Inc. that the agency move to a more streamlined system.

Without an integrated IT plan, the agency has spent more than \$30 billion on IT in the past 10 years, including \$600 million on a decade-old, yet-to-be implemented compensation and pension claims-processing system and \$342 million on a failed finan-

cial management system, said Rep. Steve Buyer (R-Ind.), chairman of the House Veterans' Affairs Committee.

VA IT spending will increase from \$1.4 billion in fiscal 2004 to a projected \$2.2 billion in fiscal 2006.

"Since coming to Congress in 1993, I have witnessed this committee struggle with VA's inability to adequately manage its IT funding and IT modernization efforts," Buyer said. "This lack of accountability in VA IT spending must stop."

## Decentralized Process

Three divisions within the VA control nearly all of the agency's IT spending. Even after Michael Pedersen, Gartner's managing vice president, told the committee that he has never seen an IT budgeting process as decentralized as the VAs, leaders of two agency divisions — Jonathan Perlin, undersecretary for health, and Daniel Cooper, undersecretary for benefits — said they feared their specialized needs could get downplayed in a central-

**“Since coming to Congress in 1993, I have witnessed this committee struggle with VA's inability to adequately manage its IT funding and IT modernization efforts. This lack of accountability... must stop.”**

REP. STEVE BUYER (R-IND.)

ized budgeting process. Pedersen said that within five years, the VA could shave \$207 million a year from its IT budget by moving to a more-centralized budget process.

After VA CIO Robert McFarland joined the agency in January 2004, Gartner was hired to analyze its IT structure and make recommendations.

Buyer called for McFarland to be given line-item control

over the agency's IT budget, which would make it one of the first federal agencies where the CIO has such authority. But Pedersen and Linda Koonz, director of information management issues at the Government Accountability Office, suggested that line-item authority might not be necessary if the CIO just had more direct involvement in the budgeting process.

But the VA, which administers health care and other benefits for millions of military veterans, needs to focus on acquiring innovative health technologies, Perlin said. Without division control of IT budgets, the VA could become less innovative, he said.

Gordon Mansfield, deputy secretary of veterans affairs, acknowledged that some changes toward a more centralized budgeting system need to be made, but he argued that the trade-off for a loss of efficiency has been a decentralized system that's responsive to veterans' needs. "Our current IT system is working," he said. "We're providing those benefits." **© 36870**

Grobe is a reporter for the IDG News Service.

## BRIEFS

## HP Reschedules Technology Forum

Hewlett-Packard Co. has rescheduled its Technology Forum 2006, which had been slated for last week in New Orleans but was canceled in the wake of Hurricane Katrina. The event will now be held Oct. 17-20 at the Orange County Convention Center in Orlando. The forum is the first general user conference sponsored by HP itself.

## Youth Sentenced in Hilton Hack

A Massachusetts juvenile pleaded guilty to a January hacker attack that exposed the address book of sociable Paris Hilton to the Internet, said T-Mobile USA Inc., whose servers were compromised. The hacker was sentenced to 11 months' detention. The juvenile tried T-Mobile employees into revealing the sensitive data and exploited a flaw in the company's Web site.

## Eaton Sues RIM for Patent Infringement

Eaton Ergonomics Inc. has sued BlackBerry maker Research In Motion Ltd. over the design of the BlackBerry 7100 keyboard, claiming it holds a patent for the technology. Eaton claims RIM infringed on a patent that covers mobile keyboards that use predictive-text technology. A RIM spokeswoman had no comment.

## Ex-Microsoft Exec Can Help Google

A former Microsoft Corp. executive can help his new firm, Google Inc., set up a research and development facility in China while a Microsoft lawsuit challenging his hiring seems to trail in January 2006, a Washington Superior Court judge ruled. Kai-Fu Lee will be able to employ "his general knowledge, personal attributes, general reputation and ability" to set up and staff the Google center, Judge Steven Goncalves wrote.

## ON THE MARK

HOT TECHNOLOGY TRENDS, NEW PRODUCT NEWS AND INDUSTRY BUZZ BY MARK HALL



## Cellular Carriers Hit Bottom With IT...

...on satisfaction. ForceNine Consulting, which is part of Washington-based telecommunications consultancy ForceNine Services LLC, surveyed the satisfaction level among more than 600 IT managers who work at \$1 billion-plus companies and oversee the use

of over 6 million wireless voice and data devices. And the bliss level was pretty low. According to Andy Roscoe, a partner at ForceNine, a mere 21% of the respondents said they were happy with their cellular carriers. That compares with 36% who expressed grief with their wire-line providers and a whopping 44% of joyfulness for ISPs. Roscoe says his study, which will be revealed in detail at next month's Enterprise Wireless Summit in Landsdowne, Va., underscores CIOs' frustration at not being able to construct useful business partnerships with cellular carriers — something they have long been able to do with IT vendors. Like the CIOs themselves, Roscoe is mystified by the carriers' attitudes. "Corporate IT are their best and largest customers," he says. "Something's got to change." What's the

biggest headache for CIOs? Coverage. Global companies that operate in Europe or countries such as Japan and South Korea don't have to account for vast swaths of territory where data can't be transmitted and simple phone calls can't be made. But it's not an issue in the U.S. In that context, "Can you hear me now?" is as much an embarrassing admission as a clever ad slogan.

## Boost branch-office application...

...performance, while accelerating server consolidation and centralization efforts. That's the promise from a start-up that this week is unveiling software designed to put the brakes on what CEO Rick

Tinsley calls "server sprawl in branch offices." Tinsley heads Mountain View, Calif.-based Silver Peak Systems Inc., which makes a line of appliances that use its Network Memory software to look at every byte being transmitted between your branch offices and your data center. By transmitting only new data, the appliances reduce the number of packets that need to be sent, greatly improving response times. Tinsley claims that with Network Memory, many IT shops that now deploy servers to local offices to meet service-level agreements will be able to move those systems back to the data center. Pricing starts at \$9,995.

## Web conferencing device replaces...

...service and saves you money. So boasts Ajit Deora, CEO of enKoo Inc. in Fremont,

Calif. Mid-size companies that use conferencing services from vendors like WebEx Communications Inc. and Citrix Systems Inc. are wasting \$2,800 to \$4,200 each year for every five users, Deora claims. "Our appliance is a one-time purchase versus monthly service fees," he says. The Web-conferencing feature is available this week on enKoo's appliances, which already can handle remote access management. In the future, they may even perform backup functions, Deora says. Pricing starts at \$995.

## Document management works only...

...when "it's a condition of employment." That claim is made by Cyndi Tetru, vice president of marketing at NextPage Inc. in Draper, Utah.

Otherwise, people simply work around the system, Tetru says. But, she adds, companies that depend wholly on software from Microsoft Corp. can get painless document management with NextPage's service, which is being upgraded this week. According to Tom Ngo, chief technology officer, NextPage 2 adds an Activity Center that gives users a view of documents by project. The upgrade also lets you compare changes in documents. Pricing starts at an annual fee of \$99 per user.

## Call it what you will: project management...

...or portfolio management, or basic project management. This week, San Francisco-based Green Army Corp. will release eponymous software designed to help IT managers keep tabs on projects and programs both big and small. CEO Miles Walsh brags that his software is so good, "we're guaranteeing the fastest time to desired results." How's that possible? For one thing, claims Walsh, "there's no learning curve for executives." He says that bit of magic is accomplished by building upon what execs know, starting with e-mail. Green Army uses a structured e-mail message to walk managers through a methodology that identifies a project's goals, who's working on it and the status of project milestones. The software also includes features such as drag-and-drop document management and drill-down capabilities. Monthly pricing starts at \$20 per user, but you can download the software for a free 30-day trial at [www.greenarmy.com](http://www.greenarmy.com). © 2006

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# IT Pros Aid in Search For Katrina Victims

Nonprofit groups, individual volunteers deploy technology to find the missing

**BY JAIKUMAR VIJAYAN**  
TECHNOLOGY professionals at nonprofit groups and individual volunteers are playing key roles in the effort to locate missing victims of Hurricane Katrina and reunite families that were separated as a result of the storm.

For example, IT staffers at the National Center for Missing & Exploited Children (NCMEC) are scrambling to keep up with a large increase in network traffic that began after the center was asked on Sept. 4 by the U.S. Department of Justice to help find storm victims. The Alexandria, Va.-based nonprofit organization usually serves as a clearing-house for information on missing and exploited children. But because of Katrina, it has been pressed into service to try to locate adults as well.

The NCMEC set up a Katrina Missing Persons Hotline on Sept. 4, and one week later, it had received more than 14,000 calls related to the hurricane and was getting 20 million visitors per day to its Web site at [www.missingkids.com](http://www.missingkids.com)—about 20 times the usual volume.

"The amount of calls we've been getting and the amount of data that we're collecting has just been massive," said IT director Steven Gelfound. "We're seeing an increase of 340 times the normal [network] throughput up use."

To help meet the increased workload, the NCMEC has pressed back into service several old Web servers that had been retired. Meanwhile, a majority of the group's 19 IT staffers have been putting in 12-hour days monitoring network bandwidth, tracking

changes to databases and ensuring that key systems are available. Gelfound said.

The NCMEC has also set up a 40-person call center that's equipped with voice-over-IP

and wireless networking technology to handle calls about missing people.

In addition, it has sent IT employees and other staffers to various relocation centers for Katrina survivors to help transfer digital photographs and other data back to headquarters, Gelfound said. He added that the group is working to digitally enhance images of bodies recovered in the disaster zone to aid in identifying the dead.

Another organization that's involved in the search for hur-

ricane survivors is Technology For All, a Houston-based nonprofit that set up a computer center at the Astrodome to help evacuees who were sent there register themselves as survivors and search for missing relatives and friends.

SBC Communications Inc. provided Internet connectivity for the group via 40 DSL lines. Technology For All deployed about 140 desktop PCs at the Astrodome and two other major relocation centers in Houston, plus 150 Internet access devices provided by Advanced Micro Devices Inc., said Will Reed, the group's president. It also installed a wireless network within the Astrodome so volunteers could walk around the stadium and input data about evacuees via handheld devices, Reed added.

One of the first missing-persons Web sites to go up after Katrina hit was [www.familymessages.org](http://www.familymessages.org), which was

developed by Dan Chaney, a former Unix administrator who lives in Sunnyvale, Calif. The site initially was hosted on a Linux server in Chaney's house and attracted 25,000 visitors on Sept. 1, the day it went live. It was getting in excess of 800,000 hits daily by the end of its first week, after organizations such as the American Red Cross pointed to it on their Web sites.

With the traffic swamping bandwidth on Chaney's T1 line, Yahoo Inc. stepped in on Sept. 5 and agreed to host the site on its own servers free of

charge. Chaney's site currently lists records on more than 22,000 people who were affected by the storm.

But the volunteer nature of the IT work doesn't sit well with Chaney. "What I would have liked to see happen was for some agency, like the DHS or FEMA, to have ownership of such efforts instead of relying on the volunteer community to do this," he said. **■ 56572**

## FILL KATRINA COVERAGE

Visit our Web site for more stories about IT issues related to Hurricane Katrina.

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[www.computerworld.com](http://www.computerworld.com)



## Financial Firms Create Disaster Recovery Standards

**BY LUCAS MEARIN**

Driven by a number of disasters in recent years, several financial services firms last week joined forces to create disaster recovery and business continuity standards.

The Resiliency Maturity Model Project, overseen by the New York-based Financial Services Technology Consortium, will create benchmarks and define terms for business continuity planning across all areas of a financial enterprise, said Charles Wallen, managing executive of FSTC's Business Continuity Standing Committee and the project's director.

Plans to create the standards, which will also be available to companies in other industries, were announced last week by the FSTC.

Wallen said recent disasters linked to Hurricane Katrina in the Gulf Coast region have affirmed the need for "strong business continuity plans and

a road map for third-party providers to understand what's needed. We have to do a job as in making the bar."

Financial services companies involved in the project include Citibank, J.P. Morgan Chase & Co., Bank of America Corp. and MasterCard International Inc. IBM, Carnegie Mellon University and Disaster Recovery Institute International are also participating.

### A Measure of Resiliency

A MasterCard spokeswoman said her company hopes the project can help other organizations move beyond disaster recovery into organizational sustainability. "We're looking at models to measure the resiliency of an organization," she said.

Wallen said the project, planned to be completed next spring, should give companies a road map to plan and mea-

sure their resiliency against a set of industry standards.

Brian Finley, chief technology officer at PSSD World Medical Inc., a \$1.5 billion medical equipment supply company in Jacksonville, Fla., agreed with the need for such standards but predicted that few companies will use them to prepare for disasters.

"I've seen and heard of customers that never test [disaster recovery plans]," Finley said. "Even if you create a set of standards, somebody's got to buy into those standards, and someone has to financially back the testing and documentation and the process and controls around it."

PSSD is not involved in the standards project.

The Resiliency Maturity Model Project is being carried out in two phases. The first, expected to be completed this month, will identify a list of

disaster recovery capabilities that companies need. Pittsburgh-based Carnegie Mellon is providing the project with some maturity modeling methodologies that can identify different levels of preparedness organizations can reach.

The second phase, to be completed next spring, will include benchmarks and maturity models that will let companies compare their preparedness against some 10 standard capabilities.

Guillermo Kopp, an analyst at TowerGroup in Needham, Mass., said he believes the effort could lead to more business adoption of disaster recovery standards, because such frameworks can prove return on investment.

"The challenge is to keep the level of attention high," he said. "These projects are not a slam-dunk. It's more of a journey." **■ 56585**

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HP Innovation

## BRIEFS

## HP, Philips Push Gen2 RFID Spec

Hewlett-Packard Co. and Philips Electronics NV will work together to push adoption of a worldwide radio frequency identification standard. The companies will use their RFID expertise to promote the EPC Class 1 Generation 2 specification known as Gen2. Their plan calls for Philips to provide Gen2 RFID chips and HP's service group to help customers implement Gen2 RFID systems.

## Microsoft Cancels Patch Release

Microsoft Corp. decided not to release its monthly security update last week after encountering an unexpected quality problem with the patch it had planned to release. Microsoft had earlier planned to offer a patch to a critical flaw to its Windows operating system. The software vendor declined to say specifically what caused the last-minute change in plans.

## Intel Opens R&amp;D Center in China

Intel Corp. created a subsidiary in Shanghai to expand its research and development presence in Asia and to take advantage of Chinese technical talent. Intel Asia-Pacific Research and Development Ltd. will focus on product development for the company's Digital Home Group, Digital Enterprise Group, Digital Health Group, and Software and Solutions Group.

## SSPA Shifts Oct. Show to Las Vegas

The Service & Support Professionals Association, a trade group for IT vendors and other companies with technical support and field-service operations, has rescheduled its annual conference for Oct. 9 to 12 at the Mandalay Bay Resort in Las Vegas. SSPA rescheduled the conference, originally set for New Orleans beginning Oct. 8, because of the tropical storm named by Hurricane Katrina.

## Cisco Unveils Switches, Software for Small Firms

## Package designed to ease setup of IP networks

BY MATT HAMBLIN

CISCO Systems Inc. today will announce a package of hardware and software designed to make it simpler and less expensive for small and midsize businesses to set up IP-based networks, including voice-over-IP (VoIP) systems. The new offering, dubbed the Cisco Business Communications Solution (BCS), includes two Catalyst series switches, one for small businesses with up to 250 workers, and the other for companies with 250 to 1,500 workers. In addition, Cisco is adding three new IP phones and a dozen software tools supporting tasks such as network monitoring and voice provisioning, plus revised versions of four existing products.

Azmir Mohamed, Cisco's BCS product line manager, said one example of the simplicity built into the new offering is a VoIP configuration tool that lets IT managers use a bar code reader to insert 12-digit Ethernet addresses for up to 1,200 IP phone lines in about 30 minutes. That's down from as much as four hours using the conventional method of typing in the information, Mohamed said.

Jeff Legge, CIO at City Holding Co. in Charleston, W.Va., has installed some of the BCS components in about 20 of his company's City National Bank branches. City National isn't using the VoIP capabilities yet, but Legge said it is exploring Cisco's remote system management features. "We have locations that are six-plus hours away from our central operations center, so... making changes remotely saves us time and money," he said.

Ultimately, City National

hopes to connect up to 80 of its branches via BCS products. That should greatly aid the single IT staffer who handles telecommunications support for the branches, said Brian

## NEW HARDWARE

## Cisco is adding the following lines of switches:

■ **The Catalyst Express 500 Series**, with four models aimed at small businesses. Prices range from \$795 to \$1,995.

■ **The Catalyst 2960 Series** (below), with five models designed for midsize companies. Compatible with the Catalyst 2950V and 2950VXL. Priced from \$1,295 to \$4,495.



reached critical mass.

"They're developing an ecosystem around it in a long-term way," Bradshaw said.

## Licensing Questions

One hurdle Salesforce.com faces in its push to become a platform provider is its tight focus on CRM and its licensing model.

For now, companies that wish to give employees access to applications running on Salesforce.com's platform will need to purchase its subscriptions for each user — which may not make sense for those that want to bring on employees who don't need Salesforce.com's functionality.

That licensing strategy may change, according to Salesforce.com executives.

"We're going through user-group discussions right now on what the best model is for this," Salesforce.com Presi-

dent Jim Steele said. As part of its AppExchange push, Salesforce.com is overhauling its branding to bring the Sales.com development platform, Customforce customization tool and Multicore deployment system under the company's new Appforce moniker.

Appforce extends the platform beyond Salesforce.com's two-year-old age, when it launched Force.com and encouraged developers to use it as a foundation for an assortment of hosted applications. So far, Salesforce.com partners have concentrated on extending Salesforce.com's CRM system, but executives said they hope AppExchange will attract a broader development community. ☎ 50866

Robert Whiteley, an analyst at Forrester Research Inc., said the BCS packages are well timed, partly because VoIP technology has matured at large companies, and small and midsize companies are now willing to spend money on it.

Among Cisco's competitors, 3Com Corp. comes the closest to matching the BCS offering with its range of data networking and VoIP products for small and midsize companies, Whiteley said. ☎ 56840

## Salesforce.com Launches Web-based App Marketplace

BY STACY CONLEY  
SAN FRANCISCO

Salesforce.com Inc. last week launched a service called AppExchange, which the company described as a Web-based applications marketplace for its users.

AppExchange, unveiled at Salesforce.com's Dreamforce user conference here, will let Salesforce.com users shop for add-on and complementary applications from outside developers, officials said.

"I think this is the seminal piece we need to accelerate the use of Salesforce inside companies for non-CRM needs," said Salesforce.com CEO Marc Benioff.

Quintiles Transmission Corp. in Research Triangle

Park, N.C., hasn't bought any add-ons for Salesforce.com to date, but it will look at the new system, said Georgina Morris, U.K.-based head of global business development technology at the health care services provider. "It sounds good for finding the kinds of little things you would otherwise develop in-house," she said.

AppExchange, currently in so-called preview mode, will formally launch with Salesforce.com's winter 2006 update, due later this year.

David Bradshaw, an analyst at London-based Ovum Ltd., said he expects that AppExchange will take off faster than Salesforce.com's earlier offerings because the company's customer base has now

reached critical mass.

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Appforce extends the platform beyond Salesforce.com's two-year-old age, when it launched Force.com and encouraged developers to use it as a foundation for an assortment of hosted applications.

So far, Salesforce.com partners have concentrated on extending Salesforce.com's CRM system, but executives said they hope AppExchange will attract a broader development community. ☎ 50866

Cowley is a reporter for the IDG News Service.

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## GLOBAL

## German Police Seize Pirated Office Software

COLONNE, GERMANY

LOCAL POLICE arrested two people and confiscated nearly 200 pirated copies of Office 2003 on Sept. 9, a day after Microsoft Corp. lodged a criminal complaint against the alleged software pirates.

A 24-year-old man and his 20-year-old girlfriend were arrested in connection with the software piracy, according to Microsoft's German subsidiary. The duo was discovered after the company conducted a test purchase of products being sold at suspiciously low prices on eBay Inc.'s online auction site in Germany, said a spokesman for Microsoft Deutschland GmbH.

The product imitations that were seized looked "astonishingly genuine, especially the hologram on the CD," the spokesman said. Although the hologram was stamped onto the CD-ROM as a label — and not burned in as it is with genuine Microsoft products — it was sealed with a clear lacquer and looked authentic to the untrained eye, he said.

Microsoft suspects that

## An International IT News Digest

the pirated products are the work of professional software thieves, possibly located in Asia.

by JOHN BLAU, IDE NEWS SERVICE

## eBay to Buy VoIP Vendor Skype in \$2.68 Deal

LUXEMBOURG

EBAY LAST WEEK announced that it has agreed to acquire Internet telephony company Skype Technologies SA in a cash-and-stock deal with an upfront value of 2.1 billion euros (\$2.6 billion U.S.). In addition, San Jose-based eBay could pay another 1.2 billion euros (\$1.5 billion) over the next four years based on the performance of the Skype operations.

Officials from the companies said the deal should help eBay expand into

new businesses while enlarging the potential customer base for Skype's pay-per-use-IP (VoIP) services. Luxembourg-based Skype, which was founded two years ago by Scandinavians Niklas Zennström and Janus Friis, currently claims 34 million home and business users in 225 countries and territories.

The company said it's

adding about 150,000 new users a day.

Both Zennström and Friis, who last month said that Skype was "built to be independent," have agreed to join eBay in unspecified roles, said eBay President and CEO Meg Whitman.

by JOHN BLAU, IDE NEWS SERVICE

## IBM to Try Pay-per-Use Pricing for Tools in Asia

TAIPEI, TAIWAN

IBM LATER THIS YEAR plans to start rolling out a pay-per-use pricing model in Asia for its Rational Software Corp. development tools in an effort to make them more accessible to small companies.

The company plans to introduce the program, called Rational On Demand, in Taiwan next year. An IBM intermediary organization, International Integrated Systems Inc. (IISI), will oversee the program, said Vaughan Woods, director of IBM's Rational Software operations in the Asia-Pacific region.

The program may be extended to China and India depending on its success in Taiwan, Woods said. He added that IBM has no immediate plans to offer Rational On Demand in Europe or North America.

Taipei-based IISI is owned by IBM Taiwan and the Institute for Information Industry, which was set up by the Taiwanese government to help develop the local IT industry. **by SONG**

by JOHN RIBEIRO, IDE NEWS SERVICE

Compiled by Mike Bucken.

## Briefly Noted

Holtek Corp. upped its sales forecast for the third quarter as a result of higher device sales and a smaller-than-expected decline in handset prices. Instead of revenue in the range of 7.8 billion to 8.2 billion euros (\$8.7 billion to \$10 billion U.S.), sales should reach between 8.4 billion and 8.5 billion euros (\$10.3 billion to \$10.6 billion), said Exynos, Finland-based Holtek. **by NANCY GORMAN, IDE NEWS SERVICE**

Hitech Ltd. has sold more than 4% of its shares in Epsilon Memory Inc., a Tokyo-based supplier of dynamic RAM chips. With the sale, Epsilon no longer qualifies as an affiliate of Hitech. Epsilon was formed in 1999 through the merger of the DRAM businesses of NEC Corp. and Hitachi Microdevice Electric Corp. **by DAN WYSTEDT, IDE NEWS SERVICE**

Egnora Inc. in Marlboro, Mass., and Fujitsu Siemens Computers in Munich have signed a three-year reseller deal valued at \$500 million. Under the exclusive agreement, Fujitsu Siemens will resell Egnora's BladeForme Blade servers as part of its PriorityOne server line in Europe, the Middle East and Africa.

## GLOBAL FACT

Continued from page 1

## Patches

of servers and mimics the full functionality of vendor-issued patches. The approach is designed to let IT staffs "hold down the fort" until they're ready to apply the actual patches, said Jeff Palmer, Blue Lane's president and CEO.

Redwood City, Calif.-based Determina Inc. this week is due to announce software that has a similar goal. For the past year, Determina has been selling a "memory firewall" technology that's designed to run inside an application's memory and prevent any activity that's deemed to be inconsistent with normal behavior.

Determina's new Vulnerability Protection Suite combines

the memory firewall with a real-time flow-problem-solving tool. But unlike Blue Lane's approach, Determina's product works by applying very small bins of corrective code to fix the underlying vulnerability on the server. The code is literally on the order of a couple of bytes," said Determina CEO Nand Mulchandani, adding that systems administrators can install and uninstall the code "at the click of a button."

Such products can buy IT managers the time they need to do the required amount of regression testing and analysis work on patches, said Christopher Hoff, director of enterprise security services at Western Corporate Federal Credit Union in San Dimas, Calif. "WeScorp is an early user of Blue Lane's technology.

The credit union has suffered its share of problems with patches that failed to deploy properly or ended up impairing critical IT services, according to Hoff.

## Avoiding Trade-offs

"The dilemma has been in deciding whether the risk associated with an unpatched vulnerability is greater than that associated with deploying an untested patch," Hoff said. He added that Blue Lane's appliance saves him from having to make an either/or decision.

Although Determina's approach requires users to install new code on production systems, the size of the added software is so small that it poses few risks, said the director of information security at a large oil company. The security

director, who asked not to be named, tested Determina's software at a previous employer and now wants to install it at his current company.

Richard Ptak, an analyst at Ptak, Noel & Associates Inc. in Amherst, N.J., said that with hackers taking advantage of new software flaws more and more rapidly, IT staffs are coming under increasing pressure to deploy patches as quickly as they can — often without appropriate testing.

"On the one hand, you want to protect your resources," Ptak said. "On the other, you don't want to run the risk of messing up your production environment."

Determina's software supports only Windows servers, while Blue Lane's appliance also works with Sun Solaris

systems as well as Oracle databases and the Apache open-source Web server. Patch-point pricing starts at \$30,500. Determina's software starts at \$750 for each protected server.

Pivx Solutions Inc. in Newport Beach, Calif., last week rolled out PreEmpt 2.0, another tool aimed at deferring the need for rapid patching. But instead of addressing specific exploits, the Pivx software is designed to enforce security controls on broad and frequently exploited classes of Windows vulnerabilities, such as buffer overflows. **by SONG**

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Continued from page 1

## Office

Berk, who works for the security middleware unit in the computer and communications department at the University of Washington in Seattle. "At a decentralized place like a university, they need to support multiple platforms."

Joel Register, an associate at Perkins & Will Inc., said the Chicago-based architectural firm has been anxious to use Office as a development platform for several years.

End users currently find out templates and send e-mail to communicate about projects being tracked in Perkins & Will's construction administration application. But they lack overall visibility into where projects stand, Register said. Another problem is updating templates across 18 offices whenever the application changes, he added.

"All of it is disjointed, disconnected," Register said. "Anything that can get that connection to a server so we can collect the data and make those templates connect to the back end will be huge for us."

Three key pieces that should help attract developers to Office 12 are a new "open XML" file format; the InfoPath tool for collecting data through dynamic XML-based forms; and the Windows SharePoint Services infrastructure for building collaborative applications, said Steven Sinsiofsky, senior vice president in charge of Office.

Brian Whiting, a systems architect at Merrick & Co. in Aurora, Colo., said he was particularly impressed by demonstrations showing more seamless integration between Office 12 and Microsoft's SharePoint Portal Server.

Merrick, an architectural and design firm, uses about 10 Access-based Office applications written in Visual Basic for Applications. Currently,

users have to put the entire Access file into SharePoint and check in changes in order to update information.

In the future, Merrick should be able to store Access data within SharePoint, said Whiting. He added that if a user made changes via a Web browser, the modifications would automatically be reflected in the

**Office is ubiquitous, but there's resistance to going down one road.**

RUPERT BERK, UNIVERSITY OF WASHINGTON, SEATTLE

Access database. Peter O'Kelly, an analyst at Burton Group in Midvale, Utah, said that beyond the use of Excel spreadsheets, there hasn't been much development using Office as a front end. He expects that will change with next year's release of Visual Studio Tools for Applications, which he said is the "more logical" replacement for VBA than the Visual Studio Tools for Office software that Microsoft released earlier this year.

But Sundar Krishnan, a software engineer at Moody's Investors Service Inc. in New York, raised concerns that using one piece of the Office System would set off a chain reaction that would force companies to use other Microsoft products. **Q 06673**

## Microsoft Unveils Vista Workflow Development

BY HEATHER HAYENSTEIN  
AND CAROL BLUM  
LOS ANGELES

Microsoft Corp. last week unveiled a set of tools that will add workflow features to its upcoming Windows Vista operating system and ultimately boost those capabilities across other products like BizTalk Server and Office.

The workflow capabilities will be added through the new Windows Workflow Foundation, described by Microsoft officials as a workflow engine, programming model and set of tools for rapidly building workflow-enabled applications.

The new offering, unveiled during the Microsoft Professional Developers Conference here last week, is due to ship in late 2006 as the so-called third pillar of Vista's WinFX programming model.

Microsoft officials said that various development groups plan to incorporate the workflow engine in several of the company's products under separate, undisclosed timelines.

Krzysztof Kniaz, director of engineering at WeightWatchers.com Inc. in New York, said

adding Workflow Foundation to Vista will let his company expand on the BizTalk Server workflow system it now uses. Putting workflow capabilities in the operating system will let developers create connections among users and processes at the time an application is built, he said.

John Hidey, a software engineer at ServiceLink LP, a mortgage management company in Alliquippa, Pa., noted that the current BizTalk workflow capabilities are visible and usable only by the BizTalk Server itself. "Now workflow is available to any application I want, and it is at the operating system level," he said.

Workflow Foundation provides out-of-the-box functionality for developing applications for document management, Web page flow and line-of-business applications, according to Microsoft. The tool set can help developers build workflows that coordinate steps in applications, such as checking inventory and alerting users to variances.

Adrian Brown, CIO at Catal Insurance Co. in Greenville,

S.C., said he expects that Workflow Foundation will let his developers add workflow capabilities to custom applications. Canal has avoided doing that to date because, he said, "if you coded your workflow, somebody has to understand it later on. You're reading someone else's code."

On the other hand, he added, Workflow Foundation is very graphical, and it appears to be easy to modify.

Skip Kirby, a business applications specialist at East Carolina University, also in Greenville, said he can envision using Workflow Foundation in Vista to build workflow into custom applications for purchase requisitions, student-history forms and employee processing.

For now, students informally use one passed physically from three to five users for updating. "If we can automate processes like that, we could have much improved economies of scale," he said.

**Q 06638**

## MORE NEWS ONLINE

Microsoft previewed tools for building their client apps with "rich-client" capabilities.

**QuickLink 06677**

Vista Enterprise Edition users will have to buy Software Assurance contracts.

**QuickLink 06687**

www.computerworld.com

## OS Security Remains a Top Priority

BY CAROL BLUM

Joe Abbate, group vice president of platforms at Microsoft, speaks with *Computerworld* about issues such as software security and the Windows development process at the Microsoft Professional Developers Conference. Excerpts from the interview follow:

**Are you devoting the same percentage of development resources to security that you have been during the past few years?** In terms of the number of people, it's still a very

very large focus. I have a very strong security agenda, but it's not as much just on security, but it's also in other areas.

**To make user account protection come to pass, it takes user-interface work. It takes work in the operating system itself.**

**I'll put improvements to quality [as] top of mind for me in Windows Vista - absolutely top of mind. We're going to have so much capability in the system. But we must have a dramatic improvement in terms of the reliability technology that we can provide to corporations. We want people to feel safer.**

**The development process for the new version of SQL Server turned out to take a lot longer than we originally expected. What lessons did you learn from that experience?** Good software takes time. It's a humbling lesson. We learned that the deep integration of the runtime half within the process of SQL, that was hard. That was really hard.

**How are you applying these lessons to future development, with what you're doing now?** We've got so many developers, so much code and so many audiences that we're trying to handle, so many different versions in terms of hardware and versions on so many different platforms, etc. So a few years ago, I asked a

lot of people who were from the research team to come and join the Windows organization. We started to engineer the way we're building the product, and we did. So much has changed in the way we're building Windows today that it's a night and day to go back a few years.

**We're using computers to help us build the software much more than we did before. That sounds easy to say. But when we sit down to do a code review, we have a computer doing some analysis at the same time the architect is looking at the code. We're trying to do it right the first time. In the same way we're trying to keep the problems as close to the developer as possible.** **Q 06683**





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## Business Objects Snags Symantec Exec for CEO in a Surprising Move

Schwarz's merger experience seen as key to hiring

BY RANNEY BOWHINE

Business Objects SA last week named John Schwarz, president of Symantec Corp., to be its new CEO.

In a conference call with reporters, Schwarz said he had not been looking to leave Symantec but that the opportunity to lead a company that had just broken the billion-dollar mark in revenue was too attractive to resist.

Wayne Eckerson, director of research and services at The

Data Warehousing Institute in Seattle, said Business Objects was likely seeking an executive who could lead a \$1 billion firm to \$10 billion in annual sales.

He noted that Schwarz led Symantec through a significant period of acquisition, which included the \$13.5 billion takeover of data storage company Veritas Software Corp. earlier this year.

Eckerson said that as the computer industry continues to consolidate, the number of acquisition opportunities will keep growing, so companies that hope to remain independent will be seeking execu-

tives who have experience leading takeovers.

Business Objects' hiring of Schwarz was apparently a swift one, as the Symantec Web site will list Schwarz as president a day after the announcement was made.

A Symantec spokesman had no comment on the move.

Business Objects founder Bernard Liaw said he will continue to serve as chairman of the board and will take on new duties as chief strategy officer.

Business Objects reported revenue of \$311 million during the first half of this year, up 16% from the same period a year earlier.

"Now is the time to build on that momentum and take Business Objects to the next level," Liaw said during Sunday's conference call.

Business Objects develops business intelligence software that helps companies analyze and make sense of large amounts of corporate data.

Schwarz is known for securing the merger of Symantec and Veritas, but he said it's too early to say if he's planning a blockbuster merger at Business Objects. However, Schwarz did acknowledge that acquisitions are likely.

"Business Objects has grown organically and through acquisitions, and I don't expect that modus operandi will change," he said.

Although Business Objects is substantially smaller than Symantec, Schwarz said he

**Business Objects has grown organically and through acquisitions, and I don't expect that modus operandi will change.**

JOHN SCHWARZ, NEW CEO, BUSINESS OBJECTS

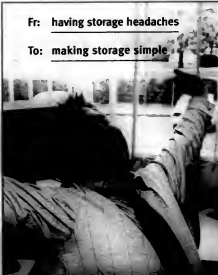
looked forward to the responsibilities attached to being CEO and the opportunity to grow his new company.

Both Liaw and Schwarz talked of their desire to make Business Objects one of the largest global independent software businesses. **EW 50822**

*Gathering is a reporter for the IDG News Service.*

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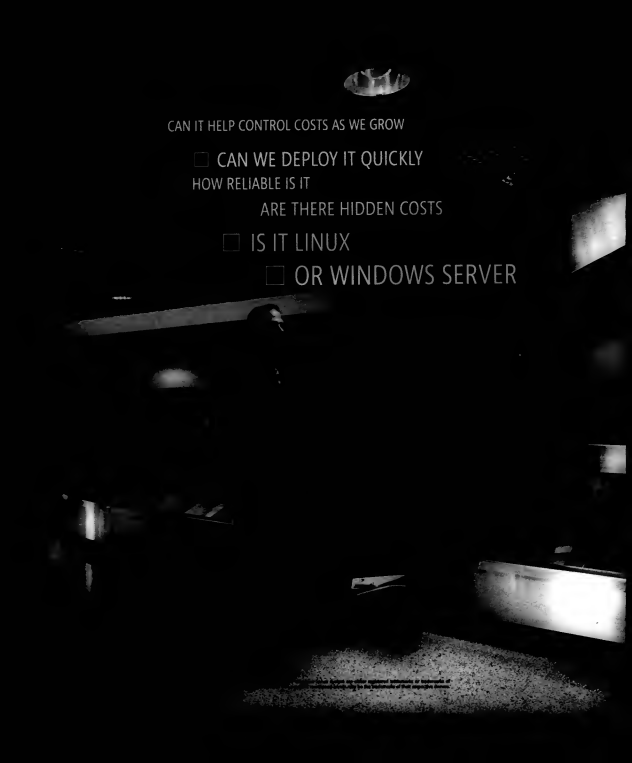
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☐ CAN WE DEPLOY IT QUICKLY

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ARE THERE HIDDEN COSTS

☐ IS IT LINUX

☐ OR WINDOWS SERVER

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—Rick Dempsey, Chief Information Officer, Rayovac



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# Lenovo Set to Expand Business Beyond China

Plan targets U.S., European small, midsize businesses

BY CHINA MARTENS

**L**ENOVO GROUP LTD. last week outlined plans for extending its business outside of China by targeting small to midsize companies in the U.S. and Western Europe while pursuing consumer and corporate customers in smaller markets.

Prior to closing its \$1.25 billion purchase of IBM's PC business and moving its headquarters from China to Purchase, N.Y., in May, the computer maker sold very few systems outside of China, Lenovo officials said.

Inside its former home base, Lenovo found significant suc-

cess selling PCs, notebook computers, servers and printers to both consumers and business customers.

Lenovo Chairman Yuanqing Yang explained the company's plans for improving sales of systems to customers outside of China at a press briefing held last week in New York.

Analysts said Lenovo faces significant hurdles in executing the expansion plan.

For example, Roger Kay, founder and president of Endpoint Technologies Associates Inc. in Bedford, Mass., said small and midsize businesses in mature markets like the U.S. and Western Europe represent "the market segment that's the least controllable." It's most like a jungle, equally unfavorable to everyone.

In one sense, Kay said, Lenovo's plan can present an oppor-

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tunity because the small and midsize markets aren't yet saturated. However, the bad news is small and midsize firms generally buy through a wide variety of channels from a large number of vendors, he said.

Kay also said he's "a little skeptical" of Lenovo's plans for emerging markets such as Brazil, India and Russia, which call for duplicating its Chinese business model of targeting

customers in all categories. "Just because Lenovo's an expert in China doesn't mean they're an expert in Brazil or India," where buying habits are different from what it's used to, said Kay.

Simon Yates, an analyst at Forrester Research Inc., added that the computer maker faces plenty of local competition in each of the emerging markets it cited. "In India, for example, HCL is the Lenovo equivalent," he said. "Lenovo does a really good job growing their business in China, but they were a local there."

Despite such potential obstacles, Yang said he expects Lenovo to outgrow competitors over the next few years. "In five years, you'll see a new wave of the most competitive PC company [in the world]," Yang said. "We're hoping to grow twice as fast as the industry." Lenovo hopes to achieve that growth through a "maniacal focus" on customer satisfaction and a worldwide marketing campaign centered around the company's technology support of the upcom-

ing Winter and Summer Olympics, said Deepak Advani, senior vice president and chief marketing officer.

Company officials declined last week to say how many of Lenovo's existing products will be sold outside of China, though Advani did say its consumer devices are more likely to debut first in emerging markets rather than in the U.S. and Western Europe.

Lenovo officials said they expect that close to 90% of the company's growth in mature markets will come from sales of its notebooks, including the new Z series widescreen ThinkPad model it showed off at the briefing last week.

The new ThinkPad models offer 14- or 15-in. screens and integrated broadband wireless capabilities, said Peter Horrensen, senior vice president of worldwide product development. The company will release the first two members of the notebook line soon, officials said. **© 98824**

Martens is a reporter for the *IDA News Service*.

## IBM Unveils First ESB Tool for SOA Product Line

Also adds several tools, updates to WebSphere family

BY JAMES NICCOLAI

IBM last week filled some gaps in its portfolio of software for integrating applications using the service-oriented architecture (SOA) model with several new tools, including its first enterprise service bus (ESB) offering.

The company last week also announced some new products from IBM Global Services aimed at helping customers build SOAs.

IBM had long maintained that an ESB was merely a design concept rather than a specific product, but it apparently took to heart user pressure to supply one, said Ron Schmeltzer, an analyst at ZapThink LLC in Waltham, Mass. An ESB is described as a broker that

manages interactions among applications to form a business process.

Schmeltzer said IBM crafted its "entry-level ESB" by repackaging "their enterprise messaging capabilities with some business process capabilities and standards-based interfaces" and making the result lightweight.

Overall, Schmeltzer said, the new offerings increase IBM's ability to provide users with an infrastructure to build SOAs. IBM officials now say they recognize the need for ESB products.

While the Web services technologies are fine for linking two applications, an ESB makes it easier to manage interactions among several applications, said Tom Rosamilia, vice president for WebSphere worldwide research and development.

"If I hook up Services A, B

and C to the bus, I only have to make three connections, and the [ESB] then handles the transformation of all the protocols to let any service talk to any other service," he said.

Other companies, including Cape Clear Software Inc. in Waltham, Mass., have already rolled out ESBs. Cape Clear CEO Annet O'Toole said the IBM move helps validate the need for ESBs, but he criticized the company for its delayed entry into the business.

He also criticized what he called the complexity of the IBM offering, which includes multiple WebSphere products. "The main reason customers like [ESBs] is that it can simplify their life," O'Toole said. Rosamilia acknowledged that IBM has numerous WebSphere products but said they are well integrated and serve business at different stages of SOA development and with

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ANNET O'TOOLE, CEO, CAPE CLEAR SOFTWARE

different levels of complexity.

For companies that want to do more advanced brokering than is supported by the new ESB, for example, IBM also released an update to its WebSphere Message Broker this month. The broker supports a far wider range of protocols than the ESB, he said.

The new SOA offerings unveiled last week by IBM include WebSphere Integration Developer, an Eclipse-based tool for writing programs that link SOA applications into a

business process, WebSphere Process Server for orchestrating a flow of business events, and the ESB.

In addition, IBM brought out an updated version of older SOA tools, including WebSphere Business Monitor, which tracks the performance of business processes made up of SOA applications. IBM said all of the new products should ship within a few months. Pricing will be announced when the products ship.

IBM Global Services released SOA Governance, through which IBM will help companies keep track of and measure improvements in SOA projects, and SOA Industry Teams, through which IBM will share knowledge and best practices gathered from previous engagements with companies in related vertical industries, IBM said. **© 98825**

Niccolai is a reporter for the *IDA News Service*.

## Vignette CEO Says ECM Has Become a Strategic Priority

BY THOMAS HOFFMAN

Corporate executives are looking hard to find new ways to draw on customer and market data to increase revenue and strengthen customer loyalty and for ways to ensure compliance with growing regulatory requirements. In an interview with Computerworld, Thomas Hogan, president and CEO of Vignette Corp., an enterprise content management software maker in Austin, said such needs have led to a significant increase in demand for ECM software.

How would you describe the state of the ECM business, and why is demand for such tools increasing? There's been a fairly steady

evolution over the last 18 months.

Enterprise content management has gone from a category of interest to a state today where I'd describe it as a strategic priority. It's being driven by two fundamental business catalysts: "What do I need to do to render greater value, either in terms of greater revenues, stronger loyalty, etc.?" The second driver that's not part of the profit/expenditure dynamic is the compliance-driven need to understand information flow within the enterprise. It's not just [the Sarbanes-Oxley Act];

it transcends the industry. An easy example to cite is HIPAA in the health care industry.

What are some steps that Vignette has taken to reposition itself to take advantage of some new applications for ECM tools? I took the job as CEO in the summer of 2002. At the time, we were



predominantly a Web content management company, a good place to be... during the dot-com boom. But we recognized that that phase would quickly pass and there would be a greater focus on how you would leverage information to drive your business. You've got to be able to manage all forms of content, including structured content in a classical relational database. And you need to be able to

contemplate and manage unstructured content, like audio, video, HTML, text, etc. That fueled our acquisition of Tower Technology about 18 months ago. Having the knowledge and control of the information is important. If your employees, business partners or customers can't access the information at a time or place that's convenient to them, and if you don't have a filtering mechanism so they can either shop, purchase or perform their duties as an employee, then who cares? We can't just deliver information; we have to make it contextual.

How can ECM tools help IT address regulatory compliance? There's this concept of sustainable compliance. If you back up the hands of time a few years, Enron hits — every-

one gets into mass panic. So what happened is a cottage industry was formed to build front-end compliance solutions that external auditors or compliance officers thought were pretty scary. Fifteen or so firms experienced hypergrowth. A bunch of big companies like Vignette had to certify compliance with [Sarbanes-Oxley] by the end of '04. My belief is that [companies] got certified, made it through the year and took a deep breath.

As they look to '06 and beyond, people are asking questions like, "How can I automate that workflow to ensure the accuracy of what's been reported?" This is starting now and will occur in a wave of spending in '06. It may peak in '07, but it's certainly not happening in '05. **Q 56623**

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DON TENNANT

# Looking Out for No. 1

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announcement of his \$5.85 billion acquisition of Siebel Systems. The buy-out will "strengthen our No. 1 position in applications in North America," he proclaimed, "and move us closer to the No. 1 position in applications globally."

"No. 1." Repeating it over and over probably gives Ellison more of a rush than sailing a racing yacht ever did. Being No. 1 means the world to him. But it's a lousy reason to undertake a business transaction that affects and concerns so many users.

Oracle President Charles Phillips claims that the deal was a "customer-driven event" and that "joint customers have consistently recommended this transaction to both companies for over a year." That's probably not far off the mark. After all, "joint customers" is just another way of saying "Siebel users," and Lord knows those users have every reason to want to see something done to prop up a company that's been suffering mightily because of persistent management and execution problems.

But what about everybody else? What about all those companies that are locked into Oracle and are already concerned about Oracle's wherewithal to integrate PeopleSoft (and, by extension, J.D. Edwards) without a negative impact on overall product development and support? And what about Ellison's own proclivity to tout the merits of the organically grown application suite while scoffing at Siebel's strategy of growth through acquisition?

Reporter Marc Songini brought to my attention several excerpts from



*Software: An Intimate Portrait of Larry Ellison and Oracle, the 2003 book written by Matthew Symonds in collaboration with and featuring commentary by Ellison. Some of the stuff Ellison said in the book about Siebel is remarkable. Check this out:*

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was buy a bunch of companies like they did. But we wanted to stick to our product strategy of an integrated suite built on top of a common database. The only way to get one of those is to build it from scratch."

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The about-face is dizzying. It's all so self-serving that it borders on distasteful. Even the timing of the announcement was self-serving. Editor at large Tom Hoffman mentioned to me last week that he found it peculiar that the announcement was made on the same day that Reuters and other media outlets reported that Ellison was close to settling a 2001 insider trading lawsuit with a tentative agreement to pay \$100 million to charity (QuickLink 56749). Peculiar indeed. I agree with Tom's assessment that it's all too similar to the plot of *Wag the Dog*, the 1998 movie about a spin doctor who creates a fake war to divert attention from a presidential scandal.

It's all about looking out for No. 1. What's unfortunate is that in Oracle's case, that's not the customer. ☎ 50827

*Don Tennant*

BRUCE A. STEWART

## Outsourcing: Know Thyself

**K**NOWING WHAT you know now, would you still outsource?

For over half of the market, the answer to that question is no.

So where does the fault lie when a sourcing deal has turned sour and it's time to think about what to do next? That's an important question, but the point of asking it shouldn't be to find the problem. The point has to be to fix the problem.

Shooting the deal-makers may be tempting, but it doesn't help fix anything — not to mention that the peripatetic small amount of knowledge your organization has about sourcing is probably all held by those potential sacrificial lambs.

That organizational shortcoming — not knowing enough before negotiating a deal — and not the people behind the outsourcing deal, should be the first place to lay blame.

Your company bought the wrong package of services, and the answer at this point is to roll up your sleeves and get busy negotiating changes to the agreement. But you have to remember, of course, that every change you want is going to cost something — the vendor must have a reason to agree.

Another place to lay blame is broken processes. Let's say you still own development and architecture, but infrastructure and networks have been outsourced. For your users, the change implementation process is a single entity; for you, it's two (yours and the outsourcer's). Or perhaps you've decided to rearchitect a major chunk of the workload, leading to a platform elimination. Did your sourcer's financial plan reflect that expectation? Yes, it's a separate organization, but you need to integrate the processes across company lines if you're going to be able to deliver for your users.



And when parceling out blame, don't overlook a community of users who haven't changed their practices. Your sourcing contract may require minimums — number of development hours, use of certain skill groups and so on — along with the maximum numbers that were set for all services to stay within the base rate. Have people in the rest of your organization agreed to work differently, or are they still conducting business as usual? If they are, they can be harming the contract.

So what sorts of things can you do to avoid the pain?

Experienced users of sourcing and those who have yet to source (because they find no benefits in it) agree: You have to know your own organization thoroughly. Skill maps, benchmarks, service catalogs, well-defined processes with established controls and discipline in which technologies are used make it possible to examine the sourcing question using facts, not beliefs. (A beer-in-class organization, for instance, won't find a financial benefit from sourcing, even though there is still room for improvement.)

Consider approaching the market using an expression of interest (EOI) approach, rather than simple discovery or a request for proposal (RFP). The EOI lets you lay out what you know about your organization and ask hard questions of the responding vendors to really understand how they'll work with you. EOIs don't require that you proceed to an RFP or to an award of business, but they do give structure to the interaction.

Finally, remember that bottom dollar is not the pole — future flexibility is. No contract is perfect: leave room to change it. Then get busy changing your own organization to work with the contract.

The temple of the oracle at Delphi had the inscription "Know thyself" above the entrance. That's sound advice for anyone thinking about — or tasked with rescuing — a sourcing deal. **Q 56744**

MICHAEL H. HUGOS

## A Parable About Payables

A BIG NEW customer of ours started showing up on the slow-pay list

a few months ago. They weren't always paying slowly, but it was happening frequently enough to be noticed. In order to win the national contract with this customer, we came in with some good prices for them and some tight profit margins for us. So we needed to run our business with them efficiently in order to make the profits we were looking for.

Our accounting group looked into the problem. They found that the customer's payables process is very decentralized. Each ordering location must first approve our invoices and then type them into the customer's corporate accounts-payable system before the corporate office will issue us a check. In addition, accounting learned that our customer's people earn a significant portion of their total compensation in the form of quarterly performance bonuses. As a result, this company is very focused on working with its own customers, and back-office tasks such as approving invoices aren't high-priority activities.

We discussed this account at one of our senior management meetings and came up with four options to deal with



Our controller and I traveled to the customer's headquarters to meet with some of their finance and IT people. We offered to work with them to redesign their process for receiving products and approving invoices so that both companies see tangible benefits. They were very open to our ideas and shared some ideas of their own. We had a good meeting and got to know each other.

We agreed to set up a pilot project in the next 30 days that will involve one of their ordering locations testing a

new process. As soon as our delivery trucks leave the warehouse, we'll send our customer electronic invoices for the orders going to this pilot location. We'll work with them on a Web portal that allows the ordering location to call up our invoice on-screen when our truck arrives. Workers will check off each line item on the invoice as they unpack our delivery and then release the approved line items for immediate payment. The customer will spend less time receiving and paying for products, and we will get paid a lot faster.

Here is a case of two groups of people long considered to be back-office, cost-center types — accounting and IT — acting instead as business-relationship builders and profit enhancers. Sure, there are a number of technical and procedural issues to work out. Sure, there is potential to screw up in front of a big customer. But the point is we live in a whole new world of possibilities. And a problem seen from another perspective is an opportunity. Creative use of IT and business processes enables us to deliver unique value and strengthen ties with important customers. Hello, brave new world.

**Q 56745**

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## READERS' LETTERS

### Questioning the Power of PowerBook

**KEN** insists not be new to the computer world or only looking at Macs: "The 12-in. PowerBook: Thin and (Feature) Rich," [QuickLink 55485]. I have and enjoy my 12-in. G4 PowerBook, but even the newest models are two years out of date compared to their PC counterparts and nowhere near this. It's stunning he could conclude otherwise. This heavy beast's only advantage is that it runs the Mac OS. **C. G. Fielder**  
Sagamore, Kansas  
Prefecture, Japan

**I** HAVE a fully loaded 12-in. PowerBook, and while I agree it is a performer, Ken is a rare exception when he claims over three hours of battery life with screen turned off the way up and promoter on automatic. Doing nothing but surfing, my PowerBook doesn't get three hours with energy set to better bat-

tery life and screen turned halfway down. And as for the fan, I had a speaker phone on six feet away, and the other party on the phone (it happened to be AppleCare) could hear it. I have been able to blow out a candle with the fan from a foot away! AppleCare had no solutions other than "We'll try it." Meritino Ken did not get a random PowerBook to test-drive.  
**John E. Howard**  
Vermont, Vt.

### Sweatshop at Sea

**THE KEY PHRASE** in the article "For SeaCoast, Offshoring Means Three Miles Off the Coast" [QuickLink 55426] is in the seventh paragraph of the interview: "U.S. labor laws do not apply." This arrangement will allow the contractors to circumvent U.S. laws and avoid the costs of doing business in

the U.S. but still enjoy the nearby amenities of the U.S. Navy. No money. H-B steel or magnesium tubes to deal with. I see this as a modern version of the sweatshop or the industrial servant system. Somehow, I bet the same conditions will not be shared by the management and the workers. Corporate greed rules the waves too. It rears.  
**H. Ekstrom**  
Minneapolis

**WE CAN** only assume that Roger Green and David Cook will not be working 10 hours a day for \$1,500 per month. It always amazes me how people think they can export engineering jobs without someone higher up deciding that they could also be outsourced.  
**Robert W.J. Pitts**  
van Nuys  
Labor division of research and development, KYSI Industries Inc., Middleterton, B.I., [rlw@kys.com](mailto:rlw@kys.com)

### Mainstream IT

**IT** PEOPLE (PART 1) [Separate II] B Capital Pilot Makers No Sense," [QuickLink 55744] makes the same point that Nick Carr was making with his article and book. IT is now a mainstream corporate entity, and Perfino makes this case in a very practical way. Many companies are actively doing what he describes.  
**Tom Emmons**  
Allenwood, Pa.

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Your comment to editor is about of ComputerWorld. The can contact him at: larry@oracle.com

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**MICHAEL H. HUGOS** is CEO of Network Services Co., a distribution cooperative in Miami Prospect, FL, that sells food service and pet-related supplies. He is the author of *Building the Real-Time Enterprise: An Executive Briefing* (John Wiley & Sons Inc., 2004). He can be reached at [mhugos@nswc.com](mailto:mhugos@nswc.com).

the problem: 1) Put them on notice and send a nasty letter; 2) put them on hold, shipping them no more product until they pay; 3) put up with them and do nothing or 4) "other."

If you want to cultivate your ability to think out the box, then the correct option is No. 4, "other." We decided that our sales director on the account shouldn't get involved, because this isn't a sales problem. We want to build a broader base of working relationships with this customer, and who better to lead the way than an accountant and an IT guy?

Our controller and I traveled to the customer's headquarters to meet with some of their finance and IT people. We offered to work with them to redesign their process for receiving products and approving invoices so that both companies see tangible benefits. They were very open to our ideas and shared some ideas of their own.

We had a good meeting and got to know each other.

We agreed to set up a pilot project in the next 30 days that will involve one of their ordering locations testing a

new process. As soon as our delivery trucks leave the warehouse, we'll send our customer electronic invoices for the orders going to this pilot location. We'll work with them on a Web port that allows the ordering location to all up our invoice on screen when our trucks arrive. Workers will check off each line item on the invoice as they unpack our deliveries and then click on the approving line items for immediate payment. The customer will spend less time receiving and paying for products, and we will get paid a lot faster.

Here is a case of two groups of people long considered by the back office, cost-center types — accounting and IT — acting instead as business-to-business builders and profit enhancers. Sure, there are a number of technical and procedural issues to work out. But there is potential to screw up the future of a big customer. But the point is we live in a whole new world of possibilities. And a problem seen from another perspective is an opportunity. Creative use of IT and business processes enables us to deliver unique value and strengthen ties with important customers. Hello, brave new world. **© 57535**

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## READERS' LETTERS

### Questioning the Power of PowerBook

**KEN HUGOS** must be new to the consumer world or only looking at Macs [The 12-in. PowerBook 1200 and (Feature) Rich, QuickLink 55495]. I have and enjoy my 12-in. G4 PowerBook, but even the newest models are two years old or date compared to their PC counterparts and nowhere near him. It's stunning he could conclude other wise. This heavy beast's only advantage is that it runs the Mac OS. **G. Curt Fiedler** Segamihara, Kanagawa Prefecture, Japan

**I** HAVE a fully loaded 12-in. PowerBook, and while I agree it is a performer. Ken is a case exception when he claims over three hours of battery life with screen turned off the way up and processor on asleep. Doing nothing but surfing, my PowerBook doesn't get better than two hours with energy set to better but

very life and screen turned halfway down. And as for the fan, I had a speaker phone on via fax away, and the other party on the phone (I had pored to be AppleCare) could hear it. I have been able to blow out a candle with the fan from a foot away! AppleCare had no solutions other than "live with it." Mathews, Ken did not get a random PowerBook to test drive. **John E. Howard** Victoria, Vt.

### Sweatshop at Sea

**THE KEY PHRASE** in the article "For SeaCode: Offshoring Means Three Miles off the Coast" (QuickLink 55426) is in the seventh paragraph of the interview "U.S. labor laws do not apply." This argument will allow the operators to circumvent U.S. laws and avoid the costs of doing business in

the U.S. but still enjoy the nearby amenities of the U.S. No mercy if 18 hours or more migration routes to deal with. I own this as a modern version of the sweatshop or the virtual sweatshop. Somehow, I bet the same conditions will not be shared by the management and the workers. Corporate greed rules the waters here, it seems. **H. Edeson** Minneapolis

**O**NE CAN only assume that Roger Green and David Cook will not be working 10 hours a day for \$100 per month. It always amazes me how people think they can export engineering jobs without someone higher up deciding that they could also be outsourced.

**Robert W.S. Kitz** van Heyningen

Vice president of research and development, KVM Industries Inc., Middleborough, N.J. [rkitz@kvm.com](mailto:rkitz@kvm.com)

### Mainstream IT

**BIG CAPITAL PERFORMS?** A Separate IT Capital Matrix Maxis No Sense? QuickLink 55414 makes the same point that Nick Sam was making with his articles and column. It is now a mainstream corporate entity and PricewaterhouseCoopers makes this case in a very practical way. Many companies are already doing what he describes. **Tom Emmons** Allentown, Pa.

**COMPUTERWORLD** welcomes comments from its readers. Letters will be edited for brevity and clarity. They should be addressed to: Letters, Computerworld, P.O. Box 9171, 1500 State St., Framingham, Mass. 01701. Fax: (508) 879-4843. E-mail: [letters@computerworld.com](mailto:letters@computerworld.com). Include an address and phone number for immediate verification.

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**T**HE PAST FEW MONTHS HAVE BEEN A torrent of stories about corporate mismanagement of customer data. Backup tapes that were lost by the likes of Bank of America Corp., Citibank, Ameritrade Holding Corp. and Time Warner Inc. contained the personal data of millions of customers. Nobody wants that kind of press.

"Losing backup tapes would be highly detrimental to our organization," says Daniel Chow, systems and security administrator at Boeing Employees' Credit Union (BECU) in Tukwila, Wash. "The last thing you want is your name emblazoned on the front page for exposing customer data." To minimize the likelihood that data would be exposed if

tapes were lost, BECU has adopted encryption technology from Decru Inc. (which Network Appliance Inc. recently acquired).

The logic behind such a move is straightforward. Experience makes it apparent that attempts to prevent data loss will ultimately fail. It's smart policy to make sure that data has been encrypted so it can't be read when it gets into the wrong hands.

But where should the encryption be done? It can take place within the application, in the database or at the file-system level via software encryption. But software-based encryption can add an overhead burden if done incorrectly. Alternatively, there are appliances you plug in and even hard disks that encrypt data as it's written on disk (see "Cryptic Dif-

ferences," page 29). Most business users appear to prefer the appliance approach for its convenience and performance advantages — and because it's a plug-and-play way to comply with regulatory requirements.

"Storage security is finally getting attention but still not enough," says Steve Duplessie, an analyst at Enterprise Strategy Group. "Privacy issues are going to ultimately mandate that all data be encrypted — and that will cause big issues all over IT."

The fields of storage and security used to be an ocean apart. Storage personnel were content to let their security colleagues deal with firewalls, intrusion detection and viruses and other external threats. But it's hard to

*Continued on page 28*



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**SYBASE**

**Advantages**

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Applications

DBMS

File system

**Disadvantages****Advantages**

Authenticated users

Applications

DBMS

File system

**Disadvantages****Advantages**

Authenticated users

Applications

DBMS

File system

**Disadvantages***Continued from page 25*

ignore the headlines. So the storage industry has awakened to its huge corporate responsibility — the security of stored data is no longer somebody else's problem.

To date, that awareness has translated into trade magazine articles and conference briefings but not much budgetary action. Adoption of storage security technology and procedure remains low. Enterprise Strategy Group estimates that the entire storage security market totaled \$50 million last year. It's expected to double this year, however, and be a substantial growth area for several years. The backup market, in particular, is driving the adoption of encryption technology.

The largest credit union in Washington state, BECU does nightly backups at its headquarters in Tukwila, as well as at a call center in Kent.

The backups use Legato Networker software from EMC Corp. in Hopkinton, Mass., to transmit 6TB of data from BECU's storage-area network (SAN), which consists mainly of Hewlett-Packard Co. hardware and Brocade Communications Systems Inc. switches, to an HP ESL9000 tape library. Every morning, those tapes are transported off-site by Iron Mountain Inc., the Boston-based third-party storage provider involved in some incidents of lost tapes. That trip on the open road raises red flags for some security experts.

"If you are sending your backup tapes by UPS truck, please stop," says W. Curtis Preston, vice president of data protection services at Glandhouse Technologies Inc., a storage consultancy and services firm in Framingham, Mass. "And if you really must ship tapes off-site, make sure they are encrypted."

BECU uses Decra DataFort appliances to encrypt all backup data before it goes off-site. "You can't blindly trust a third party, as you never really know what they are doing with [your tapes]," Chow says. "So we took it upon ourselves to ensure our data was safe."

BECU bought six appliances for \$25,000 per unit. The two SANs at headquarters each have two appliances; at the disaster recovery site in Spokane has another. A license-key management server is also needed to manage encryption keys for all appliances. Chow says he gravitated toward hardware encryption because he wanted to avoid any performance hit. "We've experienced no overhead with the redundancy," he says.

He's also sleeping better, since the system has worked well during audits and tests. For example, someone took a tape and attempted to extract a file, but the output was gobbledygook. Similarly, the audit department challenged IT to prove its ability to rapidly decrypt. A test restore passed with flying colors, Chow says.

While backup operations may be where most organizations start when adopting encryption, companies such as Payformance Inc. in Jacksonville, Fla., have decided to encrypt everything. Payformance offers software that allows companies to print laser checks, statements, invoices and other documents in-house.

"Our financial services and health care clients are very concerned about the security and privacy of their sensitive payment-related data," says George Betancourt, security officer at Payformance. "Personal health information has to be totally buttoned up."

Betancourt tested the encrypted file system built into Microsoft Windows Server 2003, but he wasn't happy with the performance of software-based encryption. He reports that a delay for encryption, even one of less than an hour, meant forcing customers to wait.

The company ultimately decided to use CryptoStar appliances from MicroData Systems Inc. in Milpitas, Calif. Two units in fail-over mode are hooked directly into the fabric of the company's ZTB SAN using EMC CX500 disk arrays, Dell Inc. tape drives and McData Corp. Fibre switches.

"We ran SAN tests before and after and saw no performance hit," says Betancourt. "So it seemed simplest to encrypt everything."

Payformance uses another CryptoStar unit for tape encryption. Symantec Corp.'s Veritas Backup Exec 10 software sends data via the appliance to a Dell

PowerVault 13T tape library. Those tapes are moved off-site for storage. Why no fail-over in the tape-backup architecture?

"If the appliance fails, we are prepared to stop tape backups for the short time required to have it repaired," says Betancourt. "But the SAN is different. We can't afford any downtime there."

**Software Hybrid**

The main storage-encryption vendors — Decru, NeoScale, Kasten Chase Applied Research Ltd. and Vormetric Inc. — all offer appliance-based products. However, Vormetric's tool differs from the others because it does software encryption while the appliance manages the keys involved.

Computer gaming middleware company Havok Ltd. uses the Vormetric CoreGuard Security System at its Dublin and San Francisco offices. "A high-profile hack of Halo's life 2 made us need to attention our customer's data at game," says Alistair Duff, director of IT at Havok.

Havok is selective about what data it safeguards. It protects only gaming code and other critical data residing on a couple of servers and desktops. Data can be encrypted at rest and in transit. If you're at a PC, when you access a file, it's decrypted as it passes across the network and

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**DANIEL CHOW, SYSTEMS AND SECURITY ADMINISTRATOR, HEDONG EMPLOYERS' CREDIT UNION**

appears on your machine as clear text, provided you have the required authorization level.

Access can be limited by application, user and host. Software is loaded on each protected machine, and there is an appliance for both offices. The system also gives Duff an added layer of defense against virus-borne threats. "If a Trojan comes in, it won't be installed and run, as it is not approved to run," he says.

### Economics and Regulation

Economics may be the main reason why encryption hasn't really caught fire yet. At \$20,000-plus per box or as high as \$2,000 per software-encryption license, data protection doesn't come cheap. But then again, how much does it cost to repair the damage caused by exposure of customer data?

"Companies like Iron Mountain and [Bank of America] have lost some credibility due to recent events," says BECU's Chow. "The ROI equation is simple — what is the goodwill of the organization worth?"

Despite the high cost, encryption may soon be unavoidable. States such as California have passed laws that include painful sanctions for companies that don't encrypt data. Others are following suit, and a federal mandate is being discussed. While these laws don't typically demand encryption, California SB 1386, for example, requires companies to disclose

security breaches to the media and all customers potentially affected — a public relations catastrophe.

"If the [Bank of America] tapes were encrypted, it would not have had to disclose the theft," says Enterprise Strategy Group's Jon Oltsik. "The time has come

to stop talking about security and start dedicating budget dollars to address this business risk." ☎ 98566

Robb is a Computerworld contributing writer in Los Angeles.

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## Encryption Options: Hardware Only

**Advantages**  
• Performance  
• Protects against physical theft  
• Little or no performance hit

**Disadvantages**  
• Limited access for local storage  
• Inexpensive smart hardware  
• Difficult administration by encrypting individual files



## Encryption Options: Application/Column

**Advantages**  
• Application-level granularity  
• Flexible database software  
• Better utilization of CPU  
• Better security

**Disadvantages**  
• Requires different developer  
• Hard to integrate  
• Inexpensive performance  
• Difficult administration  
• May not meet all security  
• Difficult to target  
• Difficult to encrypt everything  
• Difficult to integrate with  
• Difficult to integrate with



## Encryption Options: Local Policy

**Advantages**  
• Transparent to application changes  
• Easy to integrate with existing  
• Easy to integrate with existing  
• Easy to integrate with existing

**Disadvantages**  
• Inexpensive, better place  
• Inexpensive, better place  
• Inexpensive, better place  
• Inexpensive, better place



Continued from page 25

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security breaches to the media and all customers potentially affected — a public relations catastrophe. "If the [Bank of America] tapes were encrypted, it would not have had to disclose the theft," says Enterprise Strategy Group's Jon Oltsik. "The time has come

for companies that sit between the host bus adapter and the storage switch. Kasten Chase's tool, on the other hand, is like an in-line encrypted HBA, whereas Verimatrix offers more of a software-based method that encrypts at the file-system level. Verimatrix's appliance is for centralized management of the system and its keys.

Which is best? Each vendor goes to great lengths to highlight the superiority of its wares. Go to their Web sites to view plenty of feature-comparison charts. However, dozens of Rhy's candidates are probably the only real way to determine what will work best in a specific environment. "Each method has its strengths and weaknesses," concludes Oltsik.

— Drew Robb

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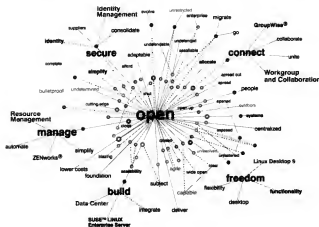
Robb is a Computerworld contributing writer in Los Angeles.

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## BRIEFS

## Postini Announces IM, E-mail Tools

Postini Inc. has launched Postini Postmaster Manager, which is designed to help protect and manage corporate instant messaging systems, according to the Redwood City, Calif.-based vendor. The company also is readying Postini Archive Manager, which will let users establish and enforce policies for the archiving and discovery of e-mail and IM. Postmaster Manager starts at \$35 per user annually and is available now. Archive Manager will be available in the fourth quarter of this year.

## Mathsoft Upgrades Calculation App

Mathsoft Engineering & Education Inc. in Cambridge, Mass., has begun shipping Version 3.0 of its Mathcad calculation software. The latest version enables engineers to document and capture their calculations and analyses as they're creating them, according to Mathsoft. The software includes new program-developing capabilities. Mathcad 3.0 is priced at \$1,195 per user, with an upgrade price of \$325 to \$425, depending on the version used.

## Paregine Updates BI Portal Software

Paregine Systems Inc. has begun shipping BI Portal 5.2. Using data generated by Paregine's ServiceCenter and AssetCenter applications, BI Portal gives greater visibility into IT performance metrics, according to the company. San Diego-based Paregine provides the underlying engine in Business Objects SA's BI Portal technology. Paregine customers that already have enterprise licenses with Business Objects are charged \$1,000 to \$2,000 per user for a set of data points to use the portal. Prospective buyers that don't have a Business Objects license must pay \$1,000 to \$2,000 per user for a license.

CURT A. MONASH

# Why Data Management Needs a New Approach

**L**AST MONTH, I said there's a database management crisis; the relational model (practical or theoretically pure) won't solve it, and alternative, more pragmatic ways of thinking about database management need to be emphasized.

This month, I'll illustrate the point with several examples of situations in which the inability to access known information has cost large numbers of human lives.

Homeland security is a familiar, Middle Eastern men, some of a suspicious nature, were discovered seeking flight lessons. Alert FBI agents suspected that they might be planning to take over civilian aircraft. But this data was never combined with other FBI information, or with CIA knowledge of al-Qaeda interest in airplane hijackings. There just wasn't an application that could relate keyword and concept searches across various FBI, CIA and public data banks, let alone factor in connections among various individuals and organizations.

Four years later, this application need isn't been met.

Health care records. The potential benefits from solving the health care record challenge are almost incalculable. Tens of thousands of lives could be saved annually, and David Brailer, national coordinator of health information technology, has estimated cost savings in the hundreds of billions of dollars.

The technical challenges are immense as well. Almost every data type is relevant — character, numeric, date, text, image, time series, genomic, maybe even geospatial. New sources of data are invented every year. The most important data of all — physicians' and nurses' observations and conclusions — is subjective, incomplete, inconsistent, commonly illegible. And it's usually



missing entirely. (Just how many years of your medical records exist anymore? Even the rules for evaluating and summarizing patient data change as a result of advances in medicine.)

Nontechnical problems are also forbidding, involving cost, privacy, organizational politics and the like. This is especially true in countries that, like the U.S., have private-sector

health care, but these issues are no picnic in single-payer countries, either.

Homeland security 2: intelligence analysis. In the run-up to the Iraq invasion, the U.S. loudly trumpeted various pieces of "intelligence" related to weapons of mass destruction that actually turned out to be false, specifically in the areas of mobile bioweapon labs, yellowcake uranium ore and aluminum tubing. Intelligence analysts knew each claim was highly unreliable, yet officials presented each one as a near-certain fact. Whatever one's theories about the motives for these errors or the likely policy outcome had they not been made, one thing is clear — something in the intelligence community needs a great deal of improvement.

One thing that's needed is technology not unlike a medical records solution — a comprehensive and accessible data bank that would let senior decision-makers directly assess the information used to support specific recommendations and conclusions. The privacy and security issues of such a system are huge, as are the challenges in computa-

tional linguistics. Other technical challenges, such as integration and data type support, are also nontrivial.

Why the answer isn't relational. Each of these problems can and should be addressed, in part, by standard tabular data management. But each also has elements that aren't well addressed by tables and rows, or indeed by predicate logic in general. For example, they all involve text search, and Boolean keyword search won't suffice. Instead, users need to search on concepts, such as "interest in flying" or "possible circulatory problems," while the system estimates relevance in complex ways.

More generally, these apps involve the search for and processing of subjective human opinions and also of unreliable machine correlations and judgments. They involve handling unforeseen data types — perhaps some kind of telemetry or graphical analysis. The need for a new kind of data may be uncovered by an end user, who must stuff it into the database before anybody figures out the best structure for handling such information on a repeated basis.

Given a near-infinite staff of database designers, perhaps these needs could be met relationally. But in real life, they'll be solved only by a more loosely coupled approach, combining multiple modeling philosophies — relational, semantic and object alike. That amalgamation of practical data management techniques, along with their supporting technologies, is what I'm calling database management system services (DBMS2). As an explicit philosophy, this may be revolutionary — but actually it's only making a virtue out of a necessity. This is how data management is already done today, and it's definitely how data management must be done in the future. ☐ 06703

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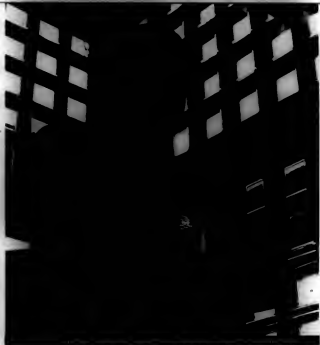
\*Wireless connectivity and some features may require you to purchase additional software, services, or external hardware. System performance measured by Standardized 2007 System performance, battery life, wireless performance, and functionality will vary depending on your specific computing system, hardware, and software configurations. ©2006 Intel Corporation. Intel, Intel Inside, the Intel Inside logo, and Intel Centrino are trademarks or registered trademarks of Intel Corporation or its subsidiaries in the United States and other countries. All rights reserved.



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**Recognizing  
it and reacting  
appropriately  
can make  
your career.  
BY DOUG LEWIS**

**Y**OU HAVE TO FIND your own "one big thing." That was Curly's advice to Mitch Robbins, Billy Crystal's character, in the movie *City Slickers*. Curly, played by Jack Palance, went on to say that everyone's "one big thing" is different.

As a new CIO, you may find your one big thing or, more likely, it will find you.

Almost every CIO encounters a watershed project — the one big thing — in his first year in a new job. I certainly did throughout my career.

If the project goes well, it can cast a positive aura over the rest of your tenure. If it goes badly, your tenure may be very short. The key is recognizing your one big thing early and reacting appropriately.

How do you recognize these watershed projects when, like most new CIOs, you have too many projects under way and a host of people clamoring to get their pet projects funded and staffed?

*Continued on page 40*

# ONE Big Thing

SUN FIRE X4100

Intel® V. Pro® 100MHz/100MB/s









Sun Fire xoxo

[sun.com/sweetdream](http://sun.com/sweetdream)



# SERVER DATA SHEET

NAME: Sun Fire™ X4100

BORN: September 12, 2005

HOMETOWN: Menlo Park, CA

MEASUREMENTS: 14.4" x 16.75" x 2.91" (I'm petite and powerful with plenty of room for cables)

I LOVE: Naughty ROI talk, multiple platforms, dimly lit data centers

RUIINS THE MOOD: Energy logs, high-maintenance technology, big and nasty servers

MY FAVORITE BODY PART: Definitely my dual-core AMD Opteron™ processor. It gives me the uncontrollable desire to run Solaris™ (my fave), Linux, Windows and Java™ at record-breaking speeds.

THE DIRT ON ME: I have quite the reputation for being fast. Not to brag, but I'm over 70% faster than the competing Xeon server.†

ACCOMPLISHMENTS: Let's just say I know what I'm doing in the data center. Performance tests prove I can take on twice the work with half the servers. Not bad for a server starting at \$2,145.

MY IDEA OF A GOOD TIME: Working my dual-processor magic to provide 90% power savings over Xeon†

AMBITIONS: I'd like to eliminate boundaries and create a better world where everyone can truly collaborate. Oh, and swim with dolphins.

WORDS TO LIVE BY: Silicon, not silicone.



My active lifestyle helps me really appreciate nature. That's why I'm into conserving energy.



I'm not afraid to show off the goods and prove that beauty is more than skin aluminum skin deep.



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†Based on SPECint\_rate\_base2000. 3000 results from SPECint\_rate\_base2000. The Standard Performance Evaluation Corporation. Competitive benchmark results reflect those published at all 10/12/05. For the latest benchmark results, visit <http://www.spe.org>. The Sun Fire X4100 server (Sun Microsystems) and the Xeon server (Intel) are registered trademarks of the Standard Performance Evaluation Corporation. Competitive benchmark results reflect those published at all 10/12/05. For the latest benchmark results, visit <http://www.spe.org>. The Sun Fire X4100 server (Sun Microsystems) and the Xeon server (Intel) are registered trademarks of the Standard Performance Evaluation Corporation.

†Based on SPECint\_rate\_base2000. 3000 results from SPECint\_rate\_base2000. The Standard Performance Evaluation Corporation. Competitive benchmark results reflect those published at all 10/12/05. For the latest benchmark results, visit <http://www.spe.org>. The Sun Fire X4100 server (Sun Microsystems) and the Xeon server (Intel) are registered trademarks of the Standard Performance Evaluation Corporation.



# Social SOFTWARE

Corporate and Web-based networking software helps people make critical business connections.

BY ALAN S. HOROWITZ

**H**ADHUNTER Matt Ocken was looking for references recently for a vice president of engineering he was considering recruiting for a client. He knew of a CIO at one of the companies on the candidate's résumé, but he couldn't get the man to return his calls. Then he tried Visible Path, social networking software his firm had implemented four months before. In no time, he had the needed reference.

Social networking technology helps connect friends, business partners and others using a variety of tools such as search and data mining.

Ocken's firm, Kindred Partners LLC, deployed Visible Path to enable its employees to gain access to a network of professionals who have relationships with other Kindred Partners staffers. Through this "trusted relationship network," Ocken, who is managing director at the executive search firm, found the name of a co-worker who knew the CIO he was trying to reach. That connection helped him get through.

"The return rates on cold calls are exceptionally low, but the likelihood of the individual calling you back if it's a warm call [meaning someone has given you an introduction to the person you are calling] is dramatically higher," says Ocken.

Social networking is gaining lots of attention as a promising but still-nascent technology for recruiting, akin to online job boards of 10 years ago. There are few statistics on how many

companies use social networking for recruiting or how many hires or referrals have resulted from its use, but Lisa Rowan, an analyst at Framingham, Mass.-based research firm IDC, says the technology could gain wide acceptance. "As individuals increase the seriousness [of job searches] and use every tool available, they will use [social networking] more," she says.

## A Natural for IT

The technology is used across a variety of industries and for a variety of job positions, Rowan says. But it may be most popular in IT, because IT professionals are more comfortable with technology than people in other fields.

Moreover, it can be useful for finding software engineering-type employees who might be less inclined to form networks than extroverted sales and marketing types, says Mike Ahearn, human resource partner at Boston-based venture capital firm Greylock Partners. Ahearn uses Contact Network from Contact Network Corp., also in Boston, for his IT recruiting efforts. He says it's a good way to find people who aren't actively searching for work and may not otherwise come up on the recruiter's radar screen.

Social networking applications are deployed across a corporation to comb through e-mail folders, contact databases and other corporate content to discover who within the company knows someone at another company. Using data mining techniques to col-

lect information such as job titles, former employers and colleges attended, the software can reveal the network of acquaintances that exists between you and someone you want to meet.

Visible Path, from Visible Path Corp. in New York, can weight the value of relationships by calculating the number of e-mails sent and received between parties and giving more weight to e-mails that garnered a response.

There are also social networking Web sites that specialize in business relationships, including LinkedIn from LinkedIn Corp., ZeroDegrees from ZeroDegrees Inc. and Ryze from Ryze Ltd. In these online communities, members send messages inviting people they know to join the site, creating a network of people they know and from whom they can request introductions to people they don't know. These sites are used to recruit, find references, make sales and otherwise secure business connections.

Recruiters use social networking to find people and check references. For instance, Contact Network helps recruiters identify job candidates who are known by other recruiters in their firm. "If you can get [people you know] to refer candidates, you wind up with a candidate pool from which you are far more likely to get a finalist," says Ahearn.

Juliet Flint, a partner at venture capital firm Kleiner, Perkins, Caulfield & Byers in Menlo Park, Calif., agrees. Flint is responsible for recruiting for companies in Kleiner, Perkins' investment portfolio. She has a personal database of about 10,000 people, but counting her partners' contacts, she has a network of about 170,000. With Visible Path, she and her partners can find valuable connections they would not otherwise be aware of, she says.

## BENEFITS IN REVERSE

(Kleiner, Perkins has an investment in Visible Path.)

Social networking software can also help recruiters find people who have worked with the job candidate but whom the candidate hasn't listed as references. These references offer a level of trust that's missing from those provided by the candidate, Flint says. "That trust element is very important in recruiting and very difficult to find," she says. "It's had a really profound impact on the way we do recruiting."

Kindred Partners' Ocken uses Visible Path that way. He says the technology saves at least an hour per candidate and improves the caliber of references. For the vice president of engineering position, for example, he was able to find and contact references on six or seven candidates. "We found a whole bunch of references we didn't know existed," Ocken says.

## Downsides

Social networking technology is still so new that its potential is anyone's guess. Geoffrey Hyatt, CEO of Contact Network, thinks that it's valuable primarily when filling mid- to high-level positions. "Entry-level candidates haven't built up their networks, so you can't find them," he says.

And its value is only as good as your own employees' relationships. Some observers note that "A" players are more likely to know other "A" players. If you use an internal platform like Visible Path or Contact Network and your company is filled with "B" players, you will be networking mostly with other "B" players.

A company's size also matters. A very small company is unlikely to have much of a network if it relies entirely on an internal application; it might do better using a public site. Hyatt says he's seen companies successfully deploy a private network with as few as 50 employees, but 200 to 300 is usually the minimum.

Cost is another consideration. It doesn't cost anything to join LinkedIn, but posting a job costs \$95. Contact Network costs \$30,000 to \$100,000, depending on the company's size.

Social networking technology is no panacea for all of the challenges of finding IT workers, but it does offer the prospect of greatly expanding your network and introducing you to both candidates and references you would otherwise miss. **Q 96747**

Horowitz is a freelance business and technology writer in Salt Lake City. Contact him at [alan@shorowitz.com](mailto:alan@shorowitz.com).



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Horowitz is a freelance business and technology writer in Salt Lake City. Contact him at alan@ahorowitz.com.



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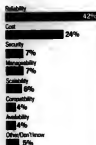
## QUICK HITS

## IP Telephony Plans

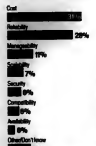
At what stage is your company in the adoption of IP telephony?



What is the most important factor you consider while acquiring voice and video over IP?



What is the largest obstacle to acquiring voice and video over IP?



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 (WWW.COMPUTERWORLD.COM/RESULTS)

BARBARA GOMOLSKI

## Slouching Toward A Flatter World

**I**F YOU HAVEN'T ALREADY DONE SO, you should run out and get Thomas L. Friedman's bestseller, *The World Is Flat* (Farrar, Straus and Giroux, 2005). It's a rare business book — one that's hard to put down. If you're like me, you'll go through it in a couple days.

Friedman, a columnist for *The New York Times*, describes how the global playing field has been leveled by companies' ability to take work anywhere around the world. In this "flat" world, innovators don't have to leave their native lands to thrive.

In a nontechnical style, the author shows how IT breakthroughs such as open-source, global networks, Web browsers and search engines have driven the world to become increasingly flat.

Friedman takes readers on a fascinating journey into companies on both ends of the global supply chain — from Dell Inc. in Round Rock, Texas, to Infosys Technologies Ltd., in Bangalore, India. He paints a picture of a world where organizations and individuals will have to run even faster to remain competitive.

While this isn't a book about off-shore outsourcing, that topic is discussed extensively. According to Friedman, off-shore outsourcing for IT and other services isn't a fad. Rather, we're just seen the tip of the iceberg. In a flat world, knowledge work will continue to be jettisoned to areas of the globe that have large pools of educated workers and relatively low labor rates.

For example, Friedman describes

how many U.S.-based accounting firms are now offshoring the routine preparation of tax returns to places such as India. The U.S. CPAs are then able to spend more time with clients on issues like financial planning.

## Describing the Inevitable

Friedman doesn't come across as pro-offshoring, and this isn't a book about why offshoring is great. Rather, he merely takes the position that the trend

is inevitable.

Some U.S. IT professionals may not like this discussion because many have already seen their programming jobs leave our shores. In Friedman's flat world, the offshoring we've seen in the IT profession is merely a harbinger of things to come in many other industries. Any individual with skills that can be easily outsourced lacks job security in a flat world. But as Friedman puts it, "When the world goes flat — and you're feeling flattened — reach for a shovel and dig inside yourself. Don't try to build walls."

The point he's making is that when your job tasks can be outsourced, figure out something else to do that can't be so easily done elsewhere.

As an example, Friedman discusses a photographer friend who had to adapt when the world of photography

went digital. It's a pretty fascinating story that illustrates an important point: The smartest way to go to the head of the class, but only the truly adaptable survive in a flat world.

## Cold Truths

At times, Friedman's topics may make readers a bit uncomfortable, particularly in the section where he gauges our nation's ability to rise to the new challenges of a flat world. It's no secret that the U.S. is lagging behind China, India and many other countries in its ability to graduate students with science and math degrees. Friedman quotes a 2004 National Science Board study that describes the troubling decline in the number of U.S. citizens who are training to become scientists and engineers as the number of jobs requiring science and engineering training continues to grow. He also points out that federal funding for science and engineering research (a share of gross domestic product) declined by more than 50 percent between 1970 and 2004.

Friedman seems to believe that it will take a certain level of crisis to shake the U.S. into action to improve the global competitiveness of its workforce. Otherwise, it's looking like the flat world may be one in which the Nobel Prize for physics is awarded to a citizen of a developing nation and the next Microsoft is based in China.

But Friedman doesn't despair. He points to the space race with the Soviet Union in 1960s as an example of a crisis that inspired many Americans to pursue degrees in science and math. But even if the country as a whole rises to the challenge, the flat world will no doubt be a difficult place for many of us. ☐ 06032

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# KNOWLEDGE CENTER BUSINESS INTELLIGENCE

09.19.05

## Better Decisions

A little bit of BI knowledge can be more hazardous than helpful. Cross-functional communication and agreement on common terms is absolutely essential, says Scott Hicar, CIO at Maxtor. Page 48

## Tame the BI Jungle

Multiple BI reporting tools deliver data that's neither timely nor accurate. A single set can bring order to the chaos. Page 54

## Beyond ZIP Codes

When geographic information systems meet up with BI data, the new capabilities go way beyond targeting ZIP codes. Page 56

# Smarter BI

How to take  
your business  
intelligence  
efforts to the  
next level.

## EDITOR'S NOTE

**B**usiness intelligence isn't really a technology issue anymore; it's a people and business issue. As Julie King's article in this special report suggests (page 48), BI requires people to figure out a common language (with data definitions), learn how to use the powerful data mining tools and put aside petty politics and power squabbles so they can share information.

"BI has little to do with technology and far more to do with your understanding of business processes," says Hiep Chuli, director of IT for the city of Norfolk, Va.

It's actually possible to be too successful deploying BI technology, if you wind up with a proliferation of disconnected databases and swamp users with a lot of out-of-context information. With the help of this special report, you can

avoid or solve those problems. The No. 1 thing to keep in mind is that the main goal is not to install BI technology but to help people in the business make better (read: more profitable) decisions.

I suspect most BI projects start off on the wrong foot, with a decision about which software package to buy. Bad idea. The first discussion should be purely business: What specific information would help us be more profitable? In other words, figure

out your business destination before figuring out how you're going to get there. As Union Pacific's CIO

Jim Bell puts it, "Ideally, you should know the BI value proposition upfront." ☐ 56812

Mitch Bettis is executive editor at Computerworld. Contact him at [mitch\\_bettis@computerworld.com](mailto:mitch_bettis@computerworld.com).



**I**F YOU'VE SHOPPED at just about any big box retailer, you've likely experienced the high hopes and stinging frustration that can come with knowing up-to-the-minute inventory information. "The computer says we should have two of those," a clerk informs you. And then: "I just can't tell you where they are. And the system won't let me order more because it shows we already have them in stock."

As the customer, you head straight for the nearest competitor.

The corporate equivalent goes something like this: A customer calls to order \$12,000 worth of goods. Checking the business intelligence system, the service rep sees that the order exceeds the customer's authorized credit limit of \$10,000. He denies the order, and his company loses a long-standing customer — who heads

straight for the nearest competitor.

What's going on here? Putting more accurate and timely information in the hands of frontline workers is supposed to result in better and faster business decisions. But as it turns out, a little bit of knowledge can, and often does, prove to be more hazardous than helpful, experts say.

In some cases, workers are granted access to data but aren't given any helpful information about how to use it to make good business decisions. In other cases, data is distributed but decision-making authority is not, often forcing frontline workers into being little more than the bearers of bad news. All the while, companies are rapidly embracing BI as a key tool for making more and more day-to-day business decisions. Here are five not-so-obvious pitfalls to avoid.

*Continued on page 50*

A little bit of BI knowledge can be more hazardous than helpful. Here are five not-so-obvious pitfalls to avoid. **By Julia King**

# Better Decisions



**WE'RE THE FIRST  
STORAGE  
COMPANY THAT  
DOESN'T WANT TO  
TALK TO YOU  
ABOUT STORAGE.**

**INSTEAD, WE WANT TO TALK ABOUT YOUR APPLICATIONS.**

Continued from page 48

### Lost in Translation

The absence of a single set of definitions for business events throughout the enterprise is the No. 1 cause of BI breakdowns, experts say. Without a common language, confusion is inevitable, says Scott Hicar, CIO at hard disk manufacturer Maxtor Corp., which has been running an enterprise corporate data warehouse since 1996.

Inventory is a prime example. If a warehouse manager includes scrap and obsolete equipment in the count and the sales department doesn't, there is absolutely no way that inventory data can be accurate.

Financial information is another example. At Milpitas, Calif.-based Maxtor, the finance organization is accountable for financials, but it's the supply chain group that actually translates most of the financial information. That makes cross-functional communication and agreement on common terms essential. Hicar says it's an ongoing process that requires vigilance, since business is continually evolving and changing. "I don't see a point where we say, 'Oh, good, that's done,'"

Darren Taylor, vice president of information access at Blue Cross and Blue Shield of Kansas City, says one of the best ways to ensure data consistency is to create a single BI team comprised of technical experts from IT and business people from various divisions or departments. Over the past year and a half, Blue Cross has combined patient, claims and membership data from three systems into a single, integrated data warehouse. This provides users with a comprehensive view of all data on an individual patient or claim.

"Before, we had 12 people in IT on the technical side building the data warehouse, and we had 20 business analysts in the business units who pulled the data. Now, we have a division of 31 people who create synergy between IT and business. Creating an organization or division dedicated to BI is essential," he says.

### Stranding Frontline Workers

In marketing their BI and analytic tools as intuitive, user-friendly and easy to use, too many software vendors have planted the false impression that there is no learning curve associated with BI, says Lisa Owerder, a principal at Knightbridge Solutions LLC, a Chicago-based services firm specializing in BI implementations.

**BI has little to do with technology and far more to do with your understanding of business processes.**

In many cases, the BI software itself may indeed be easy to navigate, yet users have no idea how it can be tapped to actually change and improve the way they do business, the says. "What we see over and over again are companies that give out all this access to data but don't tell users how they're empowered to use it," Owerder says. An example is an international retail chain whose store managers receive a profit-and-loss statement every month. Owerder is training these managers how to dig deeper to resolve problems that show up on the statements. For example, if labor expenses are particularly high one month, a store manager has access to data that tells them who worked and when, how many hours they worked, how much overtime they put in, who called in sick, even what the weather was like. All of this information is in the system. Training users find it, the company, discover patterns and initiate changes is what's needed, she says.

When BI was first being deployed, the key was enabling senior executives to make better long-term business decisions, Owerder says. Today, it's about empowering frontline workers to make decisions and changes around everyday events.

### Drowning in Data

Giving users access to lots of data without setting concrete BI goals usually results in a lot of meandering through out-of-context information, wasting both time and money. Ideally, you should know the BI value proposition upfront, says Union Pacific Corp. CIO Jim Beil.

For example, the Omaha-based transportation company has two goals when it tracks and collects cell phone data, including information about carriers' service plans and pricing, the number of cell minutes each Union Pacific employee uses and where and

when they call. The first goal is to lower overall cell phone costs. The second is to transform all employees into "intelligent buyers," says Beil.

Before turning to BI, Union Pacific put employees in charge of their own cell phone purchases, requiring them to predict how many cell phone minutes they needed, whether they needed roaming and/or nationwide service and how often they expected to travel. "These are all questions the typical business user does not know the answer to," notes Beil. As a result, a lot of costly purchases were made.

Today, Union Pacific still lets individuals and departments make their own cell phone choices. But it provides them with detailed data along with a directive to use the information to reduce costs, so they focus solely on saving money and don't waste time tracking hundreds of cell phone plans.

Beil says the company is extending the same BI tool to printing costs and vehicle repairs. In the BI system tracks cost and usage information on different printers, cars and trucks. Employees make their purchasing decisions based on this information and their individual needs.

"In using BI to really understand what value we as a company derive from different assets," Beil says. "At the end of the day, the most expensive asset is people, and if people can be involved in lowering the costs of other, less intelligent assets, it helps preserve their jobs. That's the value proposition."

### Paralyzed by Procedures

"BI has little to do with technology and far more to do with your understanding of business processes," says Hap Cluff, director of IT for the city of Norfolk, Va. Cluff learned this when his team developed a Web-based BI system that automates what had been a complicated and time-consuming process for obtaining a city building permit. Users across various departments involved in the review and approval process were given electronic access to all application documents. The new system cut the decision-making process from 19 days to three.

All was going well until the city council mandated that a design review committee see all building plans before the city issued a permit. After that, the IT team noticed that the length of the permit decision process began to creep back up. Cluff subsequently learned that the new design review committee met only once a week and that clerks were physically driving

plans to the downtown office where the board met. This added days to the process. So Cluff and his team took digital photos of building plans and incorporated them into the automated BI system, bringing permit application times back down to three days.

This example illustrates a point that IDC analyst Henry Morris says that makes repeatedly to CIOs: "Just having information is not automation. Automation is around a workflow or a certain number of steps." BI technology has to fit hand in glove with business processes, which must be reviewed and often changed.

### Petty Politics

Distributing data more widely has a democratizing effect that's sure to upset the balance of power — or perceived power — especially in very hierarchical organizations. "It drives the level of transparency, and that can be disconcerting to some folks. Giving people more information ensures that they'll ask more questions," says Stephen Zander, vice president of enterprise business intelligence service at McKesson Corp., a health care services company in San Francisco.

But getting past internal turf battles can pay off handsomely. "If you're sitting with a customer hoping to do a \$5 million deal, you might discover the customer is already in the hole to McKesson for \$20 million and 120 days," Zander says. "The flip side is if you are presenting to a division of a large customer and the deal doesn't look like it's terribly much. Then you see that customer does lots of business overall with McKesson. It makes all the difference." The data that McKesson aggregates and distributes includes information about sales across multiple product categories as well as data about customer and supplier relationships.

"The goal is to reach a point with BI where people can make choices with an understanding of the impact their choice has beyond themselves," says Zander. "Typically, this means making a decision that could have consequences for the rest of McKesson, so the more information they have, the better the decision McKesson gets." ■ 06037

### SPEED THE FEED

With business intelligence tools playing an increasingly prominent role in operational decision-making, many companies are finding they need to update their data warehouse more frequently than weekly, or even nightly.

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### MINIMUM LEVEL OF PERFORMANCE



# Tame BI Jungle

A single set of BI reporting tools can bring order to the chaos.

By Heather Havenstein

**M**ANY COMPANIES are eager to make sure data gathered from business intelligence tools gets into the right hands. Although the power user normally gets the benefit, the real value is in pushing BI data out to frontline workers for operational decision-making and up to executives for strategic adjustments in the direction of the business.

However, to successfully obtain the "one version of the truth" needed to exploit BI data for decisions that might affect daily operations, many companies find they must first eliminate multiple redundant BI tools and instead embrace a standard set of tools.

Five years ago, for example, Del Monte Foods Co. began an assessment of its BI and analytics tools to determine the company's strengths and weaknesses and develop an approach for enterprise BI. The San Francisco-based company found it had six different

query and reporting tools, says Andy Wigenski, Del Monte's director of business systems and decision support. "It was almost like whatever package that addressed transactional systems had a reporting tool bolted onto it," he says. "People were going off and developing their own reports. There wasn't any consistency, and we ended up with numerous versions of the truth."

In late 2004, Del Monte decided to test Cognos Inc.'s Cognos Enterprise BI tools for business and production reporting and data analysis. In May, the company rolled out the first phase of its Cognos deployment to sales, marketing and finance users for a project to enable trade spending analysis. By the end of the year, the company will have 400 users on the system, Wigenski says.

Del Monte has built a single Oracle enterprise data warehouse with information to support BI inquiries company-wide. In addition, the company has leveraged Cognos analytics on top of the warehouse to provide interactive dashboards for executives.

The business owner has a dashboard available where they can assess how they are trending, and then can quickly link— with additional information to answer questions they may have so they can take action," Wigenski says.

## From Manual to Meaningful

Like many other companies, Cross Country Healthcare Inc. needed to standardize BI in order to bolster visibility and interpret data generated by different back-end transactional systems. Before standardizing on Business Objects' SAS XI platform earlier this year, Cross Country was using tools from Cognos, Microsoft Corp. and other vendors to perform queries in silos based on the platform, says Kap Yum, CIO of the Boca Raton, Fla.-based medical staffing company.

"It took an act of Congress to get anything meaningful to the business. [And] every request required manual intervention with spreadsheets," he says. "We couldn't get a full view of the customer."

Although Cross Country hasn't completed projections of its return on investment from the standardization, Yum says 60% of its requests to the company's IT department require one manual reporting. The company has consolidated its support staff around XI, which justifies the cost of the software, he adds.

Pearl River Resort, which operates a resort and casino in Mississippi, uses a Unifaced-system to track slot-machine activity and an IBM AS/400 system to track other guest gaming habits, different databases track past buying behavior at its water parks, hotels and restaurants.

Before turning to a BI system from Cary, N.C.-based SAS Institute Inc., the company was using AS/400 querying tools or Access databases connected to source tables to generate reports about guest behavior, says Jason York, director of database marketing and special projects at the Charlotte, Miss.-based company.

"To get information on our guests from a gaming standpoint was very labor-intensive and required a lot of technical knowledge about the different operational systems," York says. "There were performance issues with regard to getting at the data. Everybody was looking for specific information that was unique

1. Build a strong case for displacing existing tools.
2. Build trust between users and the IT department.
3. Develop tool preference based on concrete selection criteria.
4. Create an acquisition process that requires approval from a BI competency center before buying new BI licenses.
5. Establish internal user groups to help promote standard tools.
6. If users refuse to cooperate, introduce a BI usage policy.
7. Prove to the business on a recurring basis that its needs can be met with standard tools.

to their area, and more and more questions began to arise." Since launching the SAS tools, Pearl River has reduced the time it takes to answer a simple query about guest behavior from several weeks to one day, he adds.

## Smooth Transition

The cost and complexity of maintaining multiple BI tools is the main driver for most organizations to consolidate, notes Dan Veseen, an analyst at IDC. However, enterprises need to be aware that the biggest obstacle to standardizing is end-user reluctance to give up tools they are accustomed to using, he adds.

"One way to get around that is to make sure the new interface matches exactly or as closely as possible whatever end users were used to seeing in their old applications," he says.

But for those companies that have successfully migrated to a single tool set, the benefits can be substantial. For example, La Petite Academy Inc., a Chicago-based company that operates 650 preschools, has been able to lower its labor costs by 10%, 20%—since replacing reporting tools included in its AS/400 and SQL and Access databases with an enterprise BI system from Information Builders Inc.

Before using WebFocus, the company's IT staff had to monitor multiple reports, since the company imported financial and operational field data from each location, says Chuck Mason, La Petite's senior business intelligence analyst.

"It was difficult for our operational staff to coordinate efforts when issues occurred," he says. "Our solution was to provide a simple daily report that monitors and provides updates on our nightly import processes from all our academies. This provides our staff one report to monitor and use to investigate any outstanding data issues, instead of having to track down issues across several machines and reports."

For many companies, reducing the number of tools used to extract data from back-end systems is a key step toward relying on BI as a mission-critical application. And though they might encounter user resistance along the way, those that persevere have found the benefits of reduced cost and complexity worth the effort. **■ 5592**





# Tame the BI Jungle

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# Beyond ZIP Codes

Geographic information systems are taking business intelligence data to a whole new level

By Gary H. Anthes

**C**OMPANIES HAVE USED geographic information for years to help decide which ZIP codes to target in a mailing, which sites to pick for new stores and how to plan delivery routes. The geographic information systems (GIS) and tools to support those kinds of analyses are readily available and relatively mature.

But now the most advanced practitioners are integrating GIS with mainstream transaction-processing applications and databases, incorporating sophisticated location data in their business intelligence analytics and even tapping into pools of unstructured spatial information. And some companies are finding serendipitous uses of geographic information made possible by the marriage of BI and GIS.

Here's how four companies are pushing the edge of the BI/GIS envelope:

## Site Selection at Staples Inc.

Staples plans to open 95 new stores this year after considering as many as 5,000 sites. Mistakes are costly — closing a failed store can set the Framingham, Mass.-based company back \$300,000 to \$1 million.

The office supply retailer uses GIS tools from Tactician Corp. in Andover, Mass., combined with analytic tools from SAS Institute Inc. in Cary, N.C.,

Continued on page 58

## Choose Your Level of Service

### TYPICAL USERS

Home-and-pay businesses, and retail business, insurance agents or regional companies that serve only a small geographic area

### HOW IT WORKS

"Pay by report," Web-based subscription service. User enters a location (possible sites list, for example) and gets back demographic, economic, spending and other information for that site.

### TYPICAL COST

Service is \$400 to \$750 per report or \$200 to \$2,500 per year.

### TYPICAL USERS

Analysts in the regional marketing or real estate departments of multi-state retailers or hospitals, grocery, insurance, banking or real estate companies

### HOW IT WORKS

User has desktop GIS software for analyzing sales, profiling customers, planning marketing campaigns or evaluating sites.

### TYPICAL COST

GIS software costs \$1,000 to \$2,000 for a user. Study software's GIS data ranges from \$20,000 to \$50,000.

### TYPICAL USERS

National companies with both GIS analysts and users without GIS or IT expertise

### HOW IT WORKS

User uses its own desktop GIS queries but go to experts for hourly GIS analysis. The experts have their own desktop GIS software, while other users have no internally hosted or vendor-based Web services.

### TYPICAL COST

Cost varies depending on capacity and data, from tens of thousands to hundreds of thousands of dollars per year.

### TYPICAL USERS

Large retail chains, oil companies, utilities, insurance companies

### HOW IT WORKS

Users on select study but include significant customization and integration with other business systems, data warehouses and marketing tools for BI. GIS is part of multi-faceted business processes.

### TYPICAL COST

Users make a one-time investment in the hundreds of thousands of dollars.



Continued from page 56  
to help it select store sites. The process all begins with a real estate model that forecasts weekly sales or potential sales by ZIP code. The forecasts drive activities such as site selection, budgeting, labor scheduling and marketing programs such as direct-mail campaigns, says Alan Gordon, director of sales forecasting at Staples, which now has GIS tools in a half-dozen departments.

The model considers some 30 factors that affect site selection, including obvious ones such as the presence of competitors and the demographics of the local population. "And there are things we put into our model that other people haven't learned of yet," Gordon says.

He says Staples hones its site-selection acumen by using SAS routines to correct and enhance the geographic data that it buys from external parties.

"The more we work in this area, the more we find problems and correct them," Gordon says. "We have explicitly tried to make that a competitive advantage."

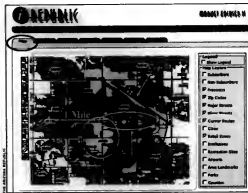
For example, Gordon says, commercial databases of driving times between locations allow users to vary speeds by road type, but the databases don't take into account actual local traffic densities. Staples has written software that incorporates local conditions, so it knows how long it takes to drive from one ZIP code to another location through intervening ZIP codes of varying traffic density.

GIS and BI tool vendors are collaborating to integrate their products, so users don't have to. But the Tactician and SAS tools aren't yet integrated, and Staples passes files back and forth between the two companies' tools via FTP. But Gordon says Staples is building its own interface to allow both SAS and Tactician to access common DB2 or Oracle tables.

## Location-based Decisions



SITE SELECTION TOOLS can be used to locate a potential store site, analyze surrounding competition, evaluate the demographics of the area, assess the market potential around the new site and perform drive-time analysis around the site.



THE ARIZONA REPUBLIC newspaper uses GIS and BI to help advertisers target customers within certain distances of their stores.

### Targeted Ads at The Arizona Republic

The Phoenix newspaper has replaced the insertion of advertising supplements to an art form. It can, for example, specify that copies of the paper going to any single ZIP code, street or circumference around an advertiser's store contain a particular advertiser's

insert. Or an advertiser might specify that it wants inserts to go to just the 500 subscribers closest to each of its five stores. Or it might ask the paper to do a mailing to certain nonsubscribers near its stores.

A seller of swimming pool supplies, for example, might ask for list ad circular to go just to houses near his store that have pools, says Karen Perrilla, a

principal analyst at the newspaper. "Or we might say that this is a high-end pool maintenance company, so we'll only hit pool owners with a household income of \$125,000-plus. It's very powerful. Before, it was mostly at just a ZIP code level," she says.

The newspaper uses ArcGIS tools from Environmental Systems Research Institute Inc. in Redlands, Calif., to

load, manage and query a spatial database. It also uses an ESRi product for delivering geographic information to end users as a Web service.

The key application, called Market Focused IT, imports subscriber information from the circulation system and creates new carrier routes every day and then displays them on a map. Sales reps can use the maps to, for example, suggest to a grocery chain where it might best target its inserts. The results are sent electronically back to the circulation system and to the advertising order-entry system.

These kinds of analyses are computationally arduous, Perrilla warns. Market Focused originally ran on desktop PCs, and a complicated query — examining a three-mile radius around each of 85 stores, for example — could run for more than eight hours. Now the system is hosted on a server and is accessed by a Web browser and a user can run the same query in 35 minutes, she says.

### Beer and BI at Hensley & Co.

The Phoenix-based beer distributor has had such success with location-enhanced BI that it plans to offer the information to its customers, along with the brew.

Hensley has for some years used Margin Minder from Salient Corp. in Horseheads, N.Y., to analyze sales and profit margins against variables such as in-store signage, display, shelf-space utilization and special promotions. These analyses include data on competitors, as well as supply chain data such as inventory levels and delivery costs.

Recently, Hensley installed a new Salient product called Geo Minder and will use it to answer questions such as, How many customers are in this area, and what are the delivery costs and margins for that area? What customers are near a baseball field, and how many sales are there on game days? How do prices in this neighborhood compare with those of competitors?

Mark Miller, Hensley's sales vice president, said the company will share the insights gleaned from the system with its customers and will be able to offer stores advice about what to buy

Continued on page 61



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Continued from page 58

and how to price it to beat local competition.

"We could say to a convenience store, 'You're averaging \$2 a case [margin], but within five miles the average is \$1.80 per case, but their case [volume] is 20% higher and they are taking more money to the bank. So you are not being competitive enough to bring customers into your store,'" says Miller.

"If we can provide better information to our customers to help them, that will keep us a step ahead," says Karla Dooley, a category analyst at Hensley. "I don't think anyone else is doing this kind of geographic stuff."

## Structuring Data at an Oil Company

A Fortune 100 oil company has been doing conventional BI and GIS analysis on structured data for years. "The thing that's more of a challenge is the information that's embedded in unstructured information—in work products such as Word documents, spreadsheets, PDF documents and so on—on servers used by workgroups," says a manager at the company, who asked not to be identified.

He estimates that his company has 150TB of such information, "and it's growing rapidly." In fact, there's more of it than conventional structured data, he says.

The company gets at the unstructured data using GeoTagger GIS tools from MetaCarta Inc. GeoTagger trolls through documents, identifies location-specific names and tags them with standard geographic references such as latitude and longitude. Then the oil company can produce a map of an oil field that displays wells with the documents associated with each, even if the well has been named and described inconsistently across systems and over time.

"We can search across multiple repositories that come from different sources," says the manager. "That could be technical memos written by our R&D labs, external databases or Web content. Being able to search all those things at the same time allows you to [get] geographical information from across the world and filter it down to your specific area of interest."

The oil company also found that GeoTagger could help it bridge its own data with data at a company it acquired. "It can crawl each companies' information independently, regardless of its structure, and use that as a unifying framework," he says. "Then you may not have to do transformations into structured, you can leave it unstructured."

## The Future

Claudine Bianchi, marketing vice president at MetaCarta, says companies will find gems when they extract data mining to the unstructured information that makes up 80% of all corporate data, most of which contains geographic information.

More subtly and perhaps more profoundly, Bianchi says BI/GIS systems will eventually be refined and extended to make sense of data not normally thought of as geographical—the locations of electrical plants in a facilities management system, for example.

"Even the human genome," she says. "Every gene is location-oriented, and you could have a data module around each thing in the genome."

Meanwhile David Sonnen, a consultant at Framingham, Mass.-based research company IDC, has a more sober and down-to-earth prediction. "Data quality will be the Achilles' heel for the industry," he says, "especially as we start to see spatial data integrated with other data."

Correctly matching location data

from different sources—street and building data from external sources with customer addresses from an internal system, for example—can be tricky. Worse, detecting errors can be extremely difficult, never mind cor-

recting them, says Sonnen.

Stapley Gordon seems to know that already. He warns, "There's a limit to what you can do with GIS technology and how much you want to trust maps." ☐ 55787

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# Backup Breach



It's not difficult to do, but backing up BI data takes time and effort. Without it, that hard-earned data could float away.

By Jennifer Jones

**M**ORENALLY, the backup of business intelligence data is easy. More arduous is the crafting of cohesive plans to protect strategic, analytical information that drives vital business decisions.

There's good news for executives worried about the preservation of BI data. Backup utilities are bundled into most BI products, and use of these functions seldom requires help from vendors or consultants.

But there's some not-so-good news as well: BI backup isn't automatic. Instead, corporate officials must devote energy to key data collection and retention decisions that will affect backup strategies mightily.

And while most companies that have embarked on BI projects perform at least some backup, the largest companies are doing less BI backup because their data warehouses are so big, according to Gartner Inc. analyst Donald Feinberg. For instance, Wal-Mart Stores Inc. reportedly backs up almost no BI data because of the size of its warehouses, which contain terabytes of data.

"The trouble with the backup of BI data is that you are forced to think about it, whereas with transaction data, you aren't," notes Mayur Raichura, director of information systems at Long & Foster Real Estate Inc. in Fairfax, Va.

Raichura and his staff are now sharpening Long & Foster's BI data collection policies — moving away from initial attempts to capture metadata about every search conducted against the company's site. If all that data were to be captured, Long & Foster would generate more than 30 million rows of data in a single year, says Raichura. "How fast you decide to delete — or not to delete — your BI data and how you collect this information will impact your backup strategy," he says.

The first issue to think through is whether particular BI data sets need backing up at all. Consider the company that loses strategic BI data that's factored into high-level decisions made at quarterly or annual meetings. It might be fairly easy to reproduce that lost data, because the information is highly aggregated and not very detailed, according to Keith Gile, an analyst at Forrester Research Inc.

On the other hand, tactical and operational data feeds more immediate decisions and likely requires more-heavy backup measures. "Tactical decisions are made over days or weeks and are more associated with specific business cycles. Under these circumstances, BI data backup is necessary," says Gile. Having decided where to focus backup efforts, BI executives should then begin shaping BI data-management policies into sound backup strategies. It's an effort that can prove challenging for even the most seasoned organizations.

"We are pretty mature in this area," says Grant Felsing, decision support manager at Briggs & Stratton Corp., a Milwaukee-based engine manufacturer.

Experts present the following good habits to safeguard precious BI data:

1. **Double the frequency at which BI data will be backed up, and progress accordingly.**

2. **Make top officials in key departments aware that BI backup is crucial, and double whose hand will roll if it isn't done.**

3. **Be consistent, and make sure naming conventions and other data descriptors are uniform.**

4. **Factor backup into major BI moves, such as the purchase of new storage-area networks.**

5. **Realize that BI backup strategies must change with data collection and retention policies.**

"In a lot of the conversations I've had with other companies, I've come across a lot of blank looks."

Briggs & Stratton's data warehousing infrastructure uses Unix-based servers running software from Cary, N.C.-based SAS Institute Inc. to churn BI data from dozens of operational sources into executive management information. Briggs & Stratton patterns transactional data from financial documents and backs that information up on a monthly basis.

Backing up this BI data is technically simple but is no rote exercise. "While the Unix backup tools are pretty thought-free, you've got to decide on the timing of the backups and set them up based on standard models that extract data from various sources," says Felsing.

## Be Vigilant

For companies with less BI savvy, there's also the risk that BI backup routines will be neglected. "My feeling is that not too many people are going through these exercises because they are so new to warehousing. But a company is smart not to overlook this," observes Jody Porrazas, director of economic risk strategy at Apex Management Group Inc., a consulting and insurance services firm in Princeton, N.J. "It's very straightforward and uses it extensively in reporting operations."

Apex is deploying a new SAS BI server, and backup functions are included as macros in the system. "It's very straightforward and very simple," says Porrazas.

Specialized BI applications aren't the only utilities with standard backup tools. "These are standard utilities among hardware and software vendors," says Gartner's Feinberg. Major vendors, such as IBM, include backup functionality to safeguard BI data. Products from storage vendors such as Symantec Corp.'s Veritas unit, EMC Corp. and Storage Technology Corp. also include BI backup capabilities, says Feinberg.

Although the tools for BI backup are prevalent, proper use of these routines isn't. "We are finding that backups are being done infrequently and by individual departments that don't have the understanding or discipline that IT staffs do," says Gile. "Most companies realize this is something they should be doing. But there seems to be a degree of casualness here." This attitude will likely change as BI data becomes more mission-critical. "Loss of this data will then cause pain more quickly," he predicts.

Awareness of the potential pain of losing BI data is already taking place at companies like Owens & Minor Inc., a medical and surgical supplies distributor in Glen Allen, Va., that is working with San Jose-based Business Objects SA on its BI strategy.

"The BI environment has become critical to a must-have — more so than three to four years ago. People rely on that information to do their jobs every day, and the ability to recover from an issue is becoming increasingly important," says Don Stoller, director of information management at Owens & Minor.

Other companies will almost certainly follow Owens & Minor's lead. As more executives base strategic decisions on BI data, the danger of losing valuable BI assets becomes more real. **CS5683**

Jones is a freelance writer in Vienna, Va. Contact her at [jwritet@verizon.net](mailto:jwritet@verizon.net).



# Backup Breach



It's not difficult to do, but backing up BI data takes time and effort. Without it, that hard-earned data could float away.

By Jennifer Jones

**M**ECHANICALLY, the backup of business intelligence data is easy. More arduous is the crafting of cohesive plans to protect strategic, analytical information that drives vital business decisions.

There's good news for executives worried about the preservation of BI data. Backup utilities are bundled into most BI products, and use of these functions seldom requires help from vendors or consultants.

But there's some not-so-good news as well. BI backup isn't automatic. Instead, corporate officials must devote energy to key data collection and retention decisions that will affect backup strategies mightily.

And while most companies that have embarked on BI projects perform at least some backup, the largest companies are doing less BI backup because their data warehouses are so big, according to Gartner Inc. analyst Donald Feinberg. For instance, Wal-Mart Stores Inc. reportedly backs up almost no BI data because of the size of its warehouses, which contain terabytes of data.

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IBM

THE INVASION

DAY 3: The servers have taken over. We bought so many affordable ones we can't afford the people to manage them. How far does this sprawl spread? Have they taken over the city? The planet? No, have they gotten to you, too? (Must type very, very quietly. They're L-I-S-T-E-N-I-N-G.)

# EII

## DEFINITION

**Enterprise information integration (EII)** refers to software systems that can take data from a variety of internal and external sources and in different formats and treat them as a single data source.

### BY RUSSELL KAY

THE LIFEblood of the modern enterprise is information. This isn't news. But as organizations collect more and more information from different sources and applications, it's increasingly difficult to deal with that information.

We know how to work with databases, data marts and data warehouses, because information in those places is carefully structured and massaged. (Read the Data Warehousing QuickStudy on Web site at [quicklink.cw050](http://quicklink.cw050).) But businesses also need to work with a wealth of unstructured information from sources such as document libraries, spreadsheets, e-mail and instant messaging archives, electronic forms and records, publicly available Web pages and commercial information services.

Two elements are key to this discussion. First is the unstructured nature of content. Organizations have to handle streams of what might seem to be random text instead of the carefully delineated and validated fields we're used to in "normally" managed data.

The second consideration is that companies are getting this information from multiple sources, both inside and outside the enterprise. Each data

source has its own organization and format, and most were designed for a single, stand-alone purpose, not to be part of an integrated data collection. Thus, these repositories tend to be silos, independent of one another, and don't easily work well together.

We rely on a growing number of these data sources, and we need to be able to use new ones as they appear without having to rewrite our applications and tools.

The simple-minded answer to this problem is to aggregate all the data into a single, universal database or data warehouse. Unfortunately, creating such a central repository is a slow and expensive process. Maintaining and updating that repository is a job that could give any IT manager nightmares. And we haven't even addressed the issues of scalability and who owns the information. Clearly, a better, more efficient strategy is called for.

### More Manageable

Enterprise information integration (EII) is the general heading under which such a strategy would fall today. But approaches to solving the problem have been around for years under a variety of names (see chart). Three main factors have made the situation more manageable today:

■ **The growing use and acceptance of XML as a cross-platform standard.**

■ **Cheaper and more capacious storage combined with faster, more powerful processors.**

■ **The emergence of new tools to tackle the problem head-on.**

EII products make it broadly possible to combine data from different sources whenever you need it. They accomplish this by creating an intermediate data services layer (middleware) that allows access to the data in a standardized way, instead of having to interact directly with each separate back-end data source.

Although named after enterprise application integration, a group of older technologies designed for linking applications, EII is more service-oriented than traditional EAI. (See the EAI QuickStudy at [quicklink.cw060](http://quicklink.cw060).)

XML is probably the biggest single force driving the advance of EII today, because XML gives us the ability to tag data — whether for format, content or both — either at creation time or later on. And these tags can be extended and modified to accommodate almost any area of knowledge. (For a glimpse of how adaptable and wide-ranging XML can be, go to [quicklink.cw073](http://quicklink.cw073).)

Also, consider that Microsoft Corp. has announced its intention to make XML the

default save format for its successor to Office 2003.

Besides XML, EII applications today are generally built around metadata repositories and specific connectors to link to these repositories.

### Metadata Repositories

For EII to be practical, it can't simply be another data warehouse. Instead, it must pull together information when needed, in a timely and ad hoc fashion. The simplest way for an enterprise to do this is to establish and maintain a metadata repository or detailed catalog that describes what data is available, how it's stored, where it's located and the relationships among data components.

Relying on metadata also helps reduce data redundancy, data movement and inappropriate data transformations, potentially saving both time and money.

Early metadata systems were file-based data dictionaries; these were superseded by metadata repositories based on relational database systems. A modern, XML-based metadata repository lets data architects work with dissimilar data sources that are distributed throughout the organization or even outside its firewalls.

Most EII products come already equipped with a set of tools for accessing some "standard" set of repositories, but integration almost always involves customization, so you should expect to either create new connectors or modify existing ones.

Also, some EII approaches focus on a one-way interaction with data — find what you need and aggregate with others — while others are more interactive and bidirectional in locating and dealing with information.

Finally, the type of information you're going after (transactional documents, rich media, graphics and video, or technical data) also affects the type of interaction and connectivity needed, so EII products may have quite different sets of connectors according to the domains of knowledge they are accustomed to working in. ☐ 56546

Kay is a Computerworld contributing writer in Worcester, Mass. You can reach him at [rusellkay@charter.net](mailto:rusellkay@charter.net).

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Virtual Integrated Enterprise Federated Combined Contextual Ad hoc Distributed Structured Aggregated	Information Data Knowledge Wisdom Query Content Schema Resource Model	Integration Infrastructure Base Broker Systems Management Convergence Architecture Solution Federation
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## [ SNAPSHOTS ]

## Future Spending

In 2005, will your company purchase business intelligence software or services?



Percentages do not add up to 100% due to rounding.

**BASE:** 158 technology decision-makers at North American and European companies.

**SOURCE:** FORRESTER RESEARCH, CAMBRIDGE, MASS., APRIL 2005

## Steady Climber

Actual and predicted growth for the business intelligence market



\*Forecast

**SOURCE:** FORRESTER RESEARCH, INC., APRIL 2005

## Growth Expected

Year-to-year increase for selected BI apps



**SOURCE:** IDC, FRAMINGHAM, MASS., MARCH 2005

MARK HALL

## Where's BI?

**M**Y FAVORITE location-based service doesn't have much smarts built in. It's the Clapper device that, after a clap or two, sounds off to lead me to my mislaid keys... or my lost smart phone.

Location-based services (LBS) fed by business intelligence are just now taking hold in North America. ABI Research estimates that there will be 1 million subscribers here by the end of 2005, up from 380,000 LBS users last year. By 2010, that should jump to 15 million, says the market research firm. Of course, today there are, what, 150 million or more users of cell phones, PDAs and other mobile handheld units?

These tiny numbers disappoint some people who had expected LBS to skyrocket after the Federal Communications Commission mandated that carriers build location-finding technology into their systems. That's because many people thought that companies like Starbucks would create LBS navigational aids to lure wandering consumers into their nearest store. Who knew their real strategy was to put a coffee stand on every corner on the planet so we'd never have to search for one?

Seriously, though, as ABI analyst Ken Hyens points out, those opt-in consumer programs that mix BI-based marketing gimmicks with GPS-capable handsets never got off the ground because they would have "become very annoying very quickly to consumers."

Consumers, says Hyens, will be happy with limited LBS capabilities for the foreseeable future, such as GPS-tracking tools to keep tabs on where your teenagers are hanging out. Those programs won't require much back-end intelligence.

But GPS-enabled handsets and BI are working in concert for corporate IT. For example, Hyens points to Nextel Communications, which merged with Sprint in August. Since 2003, the company has been focusing on how to add value to GPS-enabled devices, and it now offers about 100 applications to business that leverage location and application intelligence. One of them, the XORA GPS TimeTrack service, lets you link your payroll application to the time and place of mobile workers. Instead of architect or a job-site foreman having to complete timesheets at each location they visit in the course of a day, their Java and GPS-enabled handsets know where they are and how long they've been there and complete the forms for them automatically.

Companies like Dunkin' Donuts use traditional BI tools from GeoVue Inc. to help predict the best neighborhoods to locate their shops. Naturally, they base their decisions on complicated analysis of complex data sets such as local population demographics, traffic patterns and nearby competitors.

But GeoVue CEO Jim Stone tells me that GPS technology is adding a new element to the straight BI data crunching. Users, he says, apply GPS to "field-validate geographical data." That is, market analysts visit potential sites, pinpoint locations with GPS devices that have integrated cameras, snap a few photos and add visual information to the overall business intelligence.

Stone also mentioned another factor that BI experts are analyzing: transients. Transients are those potential customers who glide by retail outlets from time to time but can't be factored into traditional demographic data. They often comprise a significant volume of business, particularly when your stores are located near interstate highways and major thoroughfares.

For those businesses that are located near big highways, Stone says, it's easier to use BI to calculate transients' propensity to stop and shop. But if your chain operations are primarily tucked into neighborhoods, he says, it's much trickier to use standard BI analysis to predict those customers' value to your business. For example, he says, it's virtually impossible to determine how many transients are passing by your stores (or potential locations for your stores). And even if you did know how many transients there were, their demographic breakdown would be problematic.

And that brings me back to LBS and consumers. With GPS being built in to every handset to comply with government regulations, it won't be long before carriers can potentially gather data on where their customers travel every day. By tracking movements of individuals, detailed transient data will be possible.

And because specific demographic information can be tied to each handset, this could be a BI gold mine. Plus, it's all passive: No annoying messages are being sent to users' devices. Market researchers will have better information on where to locate their outlets. Needless to say, there are scary, Big Brother-like concerns raised by this possibility. Of course, if I lose my Clapper, I'll never find my cell phone, so it won't be an issue for me. ☎ 95778





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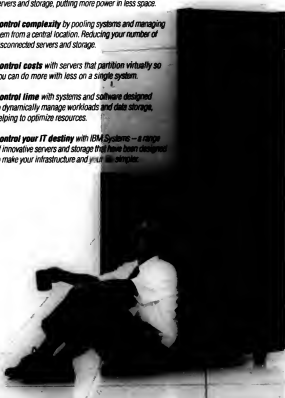
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### Summit Agenda

8:00am - 8:00am

Registration and Networking Breakfast

8:30am - 8:40am

**Welcome and Opening Remarks**  
Julie Papp, Executive Editor and National Correspondent, Computerworld

8:40am - 9:15am

**Numbers Don't Lie: Benchmarking Data Proves That Reducing IT Complexity Cuts Costs Across Other Business Functions**  
Alan Frank, President & Chief Technology Officer, Answerthink, Inc. and Senior Hackatt II Fellow

9:15am - 9:45am

**Project Virtual Gateway: Streamlining Health Services Delivery in Massachusetts**  
Luis Gutierrez, Chief Technology Strategist, Commonwealth Medicine, University of Massachusetts Medical School

9:45am - 10:15am

**Update: State Street's Infrastructure Efficiency Program**  
Miguel Meyer, Executive Vice President, Global Infrastructure Services, State Street Corporation

10:15am - 10:45am

Networking Break

10:45am - 11:15am

**Negotiating Services-Oriented Contracts**  
Don Daniels, Chief Information Officer, and Senior Vice President, Kari/Ferry International

11:15am - 11:45am

**Virtual Enterprise and Simplification**  
Denton Beas, Co-founder, CareerCurrency LLC and former Chief Information Officer, iPlan Health

11:45am - 12:00pm

**Panel Discussion: Reducing IT Complexity**  
Moderator: Don Torsant, Editor in Chief, Computerworld

Panelists: Denton Beas, Co-founder, CareerCurrency LLC and former Chief Information Officer, iPlan Health; Don Daniels, Chief Information Officer, and Senior Vice President, Kari/Ferry International; Alan Frank, President & Chief Technology Officer, Answerthink, Inc. and Senior Hackatt II Fellow; Luis Gutierrez, Chief Technology Strategist, Commonwealth Medicine, University of Massachusetts Medical School; Miguel Meyer, CIO, Infrastructure Services, State Street Corporation

12:00pm - 12:00pm

Networking Lunch

12:00pm - 12:00pm

Program Concludes

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FRANK HAYES ■ FRANKLY SPEAKING

# Reviving CRM

“IF SIEBEL IS TO SURVIVE, it will have to abandon old-school CRM, and reinvent it as a better way for people to sell to people. . . . Because CRM-as-we-know-it is dead — and deadly. And it will take Siebel, and more than a few CRM customers, with it.”

I wrote that back in April, just after Siebel CEO Michael Lawrie got the bum's rush and Siebel itself was sinking fast. Even Lawrie thought it couldn't survive; we later learned he already had talked to Oracle about a buyout.

Now Siebel is gone. And what's next is up to Oracle.

So here's some unsolicited, free-and-worth-the-price advice for Oracle boss Larry Ellison: Don't waste time trying to merge Siebel's

customer relationship management products with the Oracle and PeopleSoft and J.D. Edwards CRM offerings. If you do that, you'll just end up with a compromise version of last-generation CRM that will be even more outdated by the time it's finished.

Instead, find a sales guru with a vision for the next generation of CRM — or, better, for the generation after that. Give that genius a world-class development team and permission to pillage the technology base of all those different vendors' products. Put this dream team to work making that CRM vision a reality.

Then make that the migration target for your Oracle, Siebel, PeopleSoft and J.D. Edwards CRM customers.

Expensive? Sure. But you're spending almost \$6 billion for Siebel's customers. (Let's not kid ourselves: The customer list is what you're spending those billions for.) With a change in ownership, every Siebel customer is suddenly in play. And with competitors like SAP, Microsoft and especially Salesforce.com lusting after every one of those customers, either you give them a reason to stay or you lose them.

A truly visionary future would be one heck of a reason to stay.

Besides, you know how the alternative plays out. You've already seen it. It's the reason you were finally able to snap up Siebel.

Old-school CRM was already running out of gas by the beginning of 2003. Even Tom Siebel said so, and that was the rocket he'd ridden to make his company the CRM leader. Siebel's plan for dodging that

dead-end future: create vertical versions with best practices for each industry baked in.

But that didn't turn Siebel around. Neither did hiring ex-IBM'er Lawrie, ostensibly to demonstrate Siebel's maturity and stability. Nor did offering customers a mix of conventional enterprise CRM software and Salesforce.com-style online applications.

Nothing helped. Siebel customers kept drifting away. Siebel's revenue kept sliding. Two and a half years after Siebel-the-man pronounced CRM dead, Siebel-the-company ran out of ways to avoid that reality. If CRM wasn't dead, it was dying — and so was Siebel.

That's how Siebel's board eventually got desperate enough to sell out. And if you stay this course, Larry — just recycling the same old-school CRM — this business will keep slipping down that same slope.

So don't. Show the naysayers that Oracle hasn't just aged into another Computer Associates, collecting past-they-sell-by-date software companies for the maintenance revenue. Prove

that Fusion isn't just a time buzzword that actually signals a long, agonizing migration to the Oracle products that PeopleSoft, J.D. Edwards and Siebel customers rejected back when they had a choice.

Give your CRM customers a future — or at least a vision that makes that \$6 billion buyout worth everyone's trouble.

Otherwise you'll discover, like Siebel, that CRM-as-we-know-it is dead — and deadly. . . .

But you've heard that before.

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